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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

RAJYA SABHA

The following Bills were introduced in the Rajya Sabha on the 20th December, 1999:—

I

BILL NO. XLIIX OF 1999

A Bill further to amend the Patents Act, 1970.

Be it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Patents (Second Amendment) Act, 1999.

Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint; and different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. In the Patents Act, 1970 (hereinafter referred to as the principal Act), for the words "High Court" occurring in sections 21, 43 and 71 and the word "Court" occurring in sections 21 and 71, the words "Appellate Board" and "Board" shall respectively be substituted.

Substitution of certain words for the words "High Court" and "Court"

Amendment of
section 2.

3. In section 2 of the principal Act, in sub-section (1),—

(a) for clause (a), the following clauses shall be substituted, namely:—

‘(a) “Appellate Board” means the Appellate Board referred to in section 116;

‘(ab) “assignee” includes an assignee of the assignee and the legal representative of a deceased assignee and references to the assignee of any person include references to the assignee of the legal representative or assignee of that person;

‘(ac) “capable of industrial application”, in relation to an invention, means that the invention is capable of being made or used in any kind of industry;’;

(b) for clause (d), the following clause shall be substituted, namely:—

‘(d) “convention country” means a country or a country which is member of a group of countries or a union of countries or an Inter-governmental organisation notified as such under sub-section (1) of section 133;’;

(c) for clause (g), the following clauses shall be substituted, namely:—

‘(g) “food” means any article of nourishment for human consumption and also includes any substance intended for the use of infants, invalids or convalescents as an article of food or drink;

(d) in clause (i),—

(i) in sub-clause (i), for the words “Union territory of Delhi”, the words “National Capital Territory of Delhi” shall be substituted;

(ii) for sub-clause (ii), the following sub-clause shall be substituted, namely:—

“(ii) in relation to the State of Arunachal Pradesh and the State of Mizoram, the Gauhati High Court (the High Court of Assam, Nagaland, Meghalaya, Manipur, Tripura, Mizoram and Arunachal Pradesh);”;

(iii) in sub-clause (v), for the words “Union territory of Goa, Daman and Diu”, the words “State of Goa, the Union territory of Daman and Diu” shall be substituted;

(e) after clause (i), the following clause shall be inserted, namely:—

‘(ia) “international application” means an application for patent made in accordance with the Patent Cooperation Treaty;’;

(f) for clause (j), the following clauses shall be substituted, namely:—

‘(j) “invention” means a new product or process involving an inventive step and capable of industrial application;

‘(ja) “inventive step” means a feature that makes the invention not obvious to a person skilled in the art;’;

(g) for clause (m), the following clauses shall be substituted, namely:—

‘(m) “patent” means a patent granted under this Act;

(h) after clause (o), the following clauses shall be inserted, namely:—

‘(oa) “Patent Cooperation Treaty” means the Patent Cooperation Treaty done at Washington on the 19th day of June, 1970 as amended and modified from time to time in terms of articles 47 and 69 of that Treaty;’;

(i) for clause (u), the following clause shall be substituted, namely:—

‘(u) “prescribed” means,—

(A) in relation to proceedings before a High Court, prescribed by rules made by the High Court;

(B) in relation to proceedings before the Appellate Board, prescribed by rules made by the Appellate Board; and

(C) in other cases, prescribed by rules made under this Act.'.

4. In section 3 of the principal Act,—

(a) for clause (b), the following clause shall be substituted, namely:—

"(b) an invention the primary or intended use or commercial exploitation of which could be contrary to law or morality or which causes serious prejudice to human, animal or plant life or health or to the environment;";

(b) in clause (c), after words "an abstract theory", the words "or discovery of any living thing or non-living substance occurring in nature" shall be added;

(c) clause (g) shall be omitted;

(d) in clause (i),—

(i) after the word "prophylactic", the words "diagnostic, therapeutic" shall be inserted;

(ii) the words "or plants" shall be omitted;

(e) after clause (i), the following clauses shall be added, namely:—

"(j) plants and animals other than micro-organisms in whole or any part thereof including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals;

(k) a mathematical or business method or a computer program or algorithms;

(l) a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever including cinematographic works and television productions;

(m) a mere scheme or rule or method of performing mental act or method of playing game;

(n) a presentation of information;

(o) topography of integrated circuits.".

5. In section 5 of the principal Act, after sub-section (2), the following *Explanation* shall be inserted, namely:—

'*Explanation*.—For the purposes of this section, "chemical process" includes biochemical, biotechnological and microbiological process.'

6. In section 7 of the principal Act, after sub-section (1), the following sub-section shall be inserted, namely:—

"(IA) Every international application for a patent as may be filed designating India shall be deemed to be an application under this Act."

7. In section 8 of the principal Act,—

(a) in sub-section (1),—

(i) in the opening portion, after the words "he shall file along with his application", the words "subsequently within such period as the Controller may, for good and sufficient reasons allow" shall be inserted;

(ii) for clause (a), the following clause shall be substituted, namely:—

"(a) a statement setting out detailed particulars of such application; and";

Amendment of
section 3.

Amendment of
section 5.

Amendment
of section 7.

Amendment
of section 8.

(iii) in clause (b), the words "details of the nature referred to in", the words "detailed particulars as required under" shall be substituted;

(b) for sub-section (2), the following section shall be substituted, namely:—

"(2) At any time after an application for patent is filed in India and till the grant of patent or refusal to grant of patent is made thereon, the Controller may also require the applicant to furnish details relating to the processing of the application in a country outside India, and in that event the applicant shall furnish information available to him to the Controller within thirty days from the date of receipt of the communication requiring such furnishing of information or within such further period as the Controller may, for good and sufficient reasons, allow.".

**Amendment
of section 10.**

8. In section 10 of the principal Act,—

(a) in sub-section (4), after clause (c), the following clause shall be inserted, namely:—

"(d) be accompanied by an abstract to provide technical information on the invention:

Provided that—

(i) the Controller may amend the abstract for providing better information to third parties; and

(ii) if the applicant mentions a biological material in the specification which may not be described in such a way as to satisfy clauses (a) and (b), and if such material is not available to the public, the application shall be completed by depositing the material to an authorised depository institution as may be notified by the Central Government in the Official Gazette and by fulfilling the following conditions, namely:—

(A) the deposit of the material shall be made not later than the date of the patent application in India or if a priority is claimed not later than the date of such priority;

(B) all the available characteristics of the material required for it to be correctly identified or indicated is included in the specification including the name, address of the depository institution and the date and number of the deposit of the material at the institution;

(C) access to the material is available in the depository institution only after the date of the application for patent in India or if a priority is claimed after the date of the priority;

(D) disclose the source and geographical origin of the biological material in the specification, when used in an invention.".

(b) after sub-section (4), the following sub-section shall be inserted, namely:—

"(4A) In case of an international application designating India,—

(i) the title, description, drawings, abstracts and claims filed with the application shall be taken as the complete specification for the purposes of this Act; and

(ii) the filing date of the application and its complete specification processed by the patent office as designated office or elected office shall be the international filing date accorded under the Patent Cooperation Treaty.";

(c) for sub-section(5), the following sub-section shall be substituted, namely:—

“(5) The claim or claims of a complete specification shall relate to a single invention, or to a group of invention linked so as to form a single inventive concept, shall be clear and succinct and shall be fairly based on the matter disclosed in the specification.”.

9. In Chapter IV of the principal Act,—

(a) for the Chapter heading “EXAMINATION OF APPLICATIONS”, the following Chapter heading shall be substituted, namely:—

“PUBLICATION AND EXAMINATION OF APPLICATIONS”;

(b) before section 12, the following sections shall be inserted, namely:—

“11A. (1) Applications for patents shall be kept secret for a period of eighteen months as from the date of filing or date of priority, whichever is earlier.

(2) Except when a secrecy direction is given under section 35, every application for a patent shall, on the expiry of the period as specified in sub-section (1), shall be published.

(3) The publication of every application for a patent shall be notified in the Official Gazette.

(4) In case a secrecy direction has been given in respect of an application under section 35, then it shall be published after the expiry of the period of eighteen months or when the secrecy direction has ceased to operate, whichever is later.

(5) The publication of every application under this section shall include the particulars of the date of application, number of application, name and address of the applicant identifying the application and an abstract.

(6) Upon publication of an application for a patent under this section—

(a) the depository institution shall make the biological material mentioned in the specification available to the public;

(b) the patent office may, on payment of such fee as may be prescribed, make the specification and drawings, if any, of such application available to the public.

11B. (1) No application for a patent shall be required to be examined unless the applicant or other interested person makes a request in the prescribed manner for such examination within forty-eight months from the date of filing of the application for patent.

(2) In case of applications filed before the commencement of the Patents (Second Amendment) Act, 1999, a request for examination shall be made by the applicant or any other interested person within a period of twelve months from the date of such commencement or within forty-eight months from the date of application, whichever is later.

(3) In case the applicant or any other interested person does not make a request for examination of the application for a patent within the period as specified under sub-section (1), the application shall be treated as withdrawn by the applicant:

Provided that—

(i) the applicant may, at any time after the filing of the application but before the grant of the patent, withdraw the application made by him; and

Amendment of
Chapter IV.

Publication of
applications.

Request for
examination.

(ii) in a case where a secrecy direction has been issued under section 35, the request for examination may be made within forty-eight months from the date of revocation of the secrecy direction.”.

Amendment
of section 12.

10. In section 12 of the principal Act, in sub-section (1),—

(a) (i) for the portion beginning with the words “When the complete specification” and ending with the words “specification relating thereto”, the following shall be substituted, namely:—

“When a request for examination has been made in respect of an application for a patent in the prescribed manner under sub-section (1) of section 11B, the application and other documents related thereto.”.

(ii) in clause (a), for the words “specification relating thereto”, the words “other documents related thereto” shall be substituted;

(b) in sub-section (2), for the words “specification relating thereto”, the words “other documents related thereto” shall be substituted.

Amendment
of section 13.

11. In section 13 of the principal Act, in sub-section (2), the words “as the Controller may direct” shall be omitted.

Substitution of
new section
for section 15.

Power of Con-
troller to refuse
applications in
certain cases.

12. For section 15 of the principal Act, the following section shall be substituted, namely:—

“15. Where the Controller is satisfied that the application or any specification or any other document filed in pursuance thereof does not comply with the requirements of this Act or of any rules made thereunder, the Controller may require the application, specification or the other document, as the case may be, to be amended to his satisfaction before he proceeds with the application or refuse the application on failure to do so.”.

Amendment
of section 17.

13. In section 17 of the principal Act, in sub-section (2), the words, brackets, letter and figure “clause (b) of sub-section (1) of” shall be omitted.

Amendment
of section 21.

14. In section 21 of the principal Act,—

(a) in sub-section (1), for the portion beginning with the words “fifteen months” and ending with the words “of this section”, the words “twelve months from the date on which the first statement of objections to the application or complete specification is forwarded to the applicant by the Controller,” shall be substituted,

(b) sub-section (2) shall be omitted;

(c) in sub-section (3),—

(i) for the words, brackets and figure “fifteen months specified in sub-section (1) or the extended period, as the case may be,”, the words “twelve months” shall be substituted;

(ii) for the words “fifteen months or the extended period, as the case may be”, the words “twelve months” shall be substituted;

(d) in sub-section (4), for the words “fifteen months, or as the case may be, the extended period, until the expiration of”, the words “twelve months to” shall be substituted.

Amendment
of section 22.

15. In section 22 of the principal Act, in the proviso, for the words “eighteen months”, the words “twelve months” shall be substituted.

Amendment
of section 23.

16. In section 23 of the principal Act, for the words “filed in pursuance thereof”, the words “as accepted by the Controller along with the other documents filed by the applicant in pursuance thereof” shall be substituted.

Amendment
of section 25.

17. In section 25 of the principal Act,—

(a) in sub-section (1), after clause (i), the following clauses shall be inserted, namely:—

"(f) that the complete specification does not disclose or wrongly mention the source or geographical origin of biological material used for the invention;

(k) that the invention so far as claimed in any claim of the complete specification is anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in any country,";

(b) in sub-section (2), for the words "shall give", the words "may, if so desired, give" shall be substituted;

(c) in sub-section (3), after the words "shall be taken of any", the words "personal document or secret trial or" shall be added.

18. In section 35 of the principal Act, in sub-section (J), the words "to any person or class of persons specified in the directions" shall be omitted.

Amendment of section 35.

19. In section 36 of the principal Act, for sub-section (I), the following sub-section shall be substituted, namely:—

"(I) The question whether an invention in respect of which directions have been given under section 35 continues to be relevant for defence purposes shall be reconsidered by the Central Government at intervals of twelve months or on a request made by the applicant which is found to be reasonable by the Controller and if, on such re-consideration it appears to the Central Government that the publication of the invention would no longer be prejudicial to the defence of India or in case of an application filed by a foreign applicant it is found that the invention is published outside India it shall forthwith give notice to the Controller to revoke the direction and the Controller shall thereupon revoke the directions previously given by him.".

20. In section 43 of the principal Act, in sub-section (I),—

Amendment of section 43.

(a) in clause (c), the word "or" shall be inserted at the end;

(b) after clause (c), the following clause be inserted, namely:—

"(d) the application has not been found to be in contravention of any of the provisions of the Act,".

21. In section 45 of the principal Act, for sub-section (I), the following sub-section shall be substituted, namely:—

Amendment of section 45.

"(I) Subject to the other provisions contained in this Act, every patent shall be dated as of the date on which the application for patent was filed.".

22. For section 48 of the principal Act, the following section shall be substituted, namely:—

"48. Subject to the other provisions contained in this Act and the conditions specified in section 47, a patent granted after the commencement of the Patents (Second Amendment) Act, 1999 shall confer upon the patentee—

(a) where the subject matter of the patent is a product, the exclusive right to prohibit third parties who do not have his consent from the act of making using, offering for sale, selling or importing for those purposes that product in India;

(b) where the subject matter of the patent is a process, the exclusive right to prohibit third parties who do not have his consent from the act of using that process and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India:

Provided that the product obtained is not a product in respect of which no patent shall be granted under this Act.".

Substitution of new section for section 48.
Rights of patentees.

Amendment of section 50.

23. In section 50 of the principal Act, in sub-section (2), for the words “make, use, exercise and sell the patented invention”, the words and figures “the rights conferred by section 48” shall be substituted.

Amendment of section 53.

24. In section 53 of the principal Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Subject to the provisions of this Act, the term of every patent granted under this Act shall be twenty years from the date of filling of the application for patent.”;

(b) after sub-section (3), the following sub-section shall be added, namely:—

“(4) Notwithstanding anything contained in any other law for the time being in force, on cessation of the patent right due to non-payment of renewal fee or on expiry of the term of patent, the subject matter covered by the said patent shall not be entitled to any protection.”.

Amendment of section 57.

25. In section 57 of the principal Act,—

(a) in sub-section (1), after the word “specification” occurring at both the places, the words “or any document related thereto” shall be inserted;

(b) in sub-section (2), for the words “or a specification”, the words “or a complete specification or any document related thereto” shall be substituted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Any application for leave to amend an application for a patent or a complete specification or a document related thereto under this section made after the acceptance of the complete specification and the nature of the proposed amendment may be advertised in the Official Gazette if the Controller deems it fit to do so.”.

Amendment of section 59.

26. In section 59 of the principal Act, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) No amendment of an application for a patent or a complete specification or any document related thereto shall be made except by way of disclaimer, correction or explanation, and no amendment thereof shall be allowed, except for the purpose of incorporation of actual fact, and no amendment of a complete specification shall be allowed the effect of which would be that the specification as amended would claim or describe matter not in substance disclosed or shown in the specification before the amendment, or that any claim of the specification as amended would not fall wholly within the scope of a claim of the specification before the amendment.”.

Amendment of section 60.

27. In section 60 of the principal Act,—

(a) in sub-section (1), for the words “one year”, the words “eighteen months” shall be substituted;

(b) sub-section (3) shall be omitted.

Amendment of section 64.

28. In section 64 of the principal Act,—

(a) sub-section (1):—

(i) the proviso to clause (b) shall be omitted;

(ii) the proviso to clause (e) shall be omitted;

(iii) the proviso to clause (f) shall be omitted;

(iv) after clause (o), the following clauses shall be added, namely:—

"(p) that the complete specification does not disclose or wrongly mention the source or geographical origin of biological material used for the invention;

(q) that the invention so far as claimed in any claim of the complete specification was anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in any country.";

(b) in sub-section (2), in clause (a), for the words "secret use", the words "secret use, personal document or secret trial" shall be substituted.

29. In section 67 of the principal Act, for sub-section (4), the following sub-sections shall be substituted, namely:—

Amendment
of section 67.

"(4) Notwithstanding anything contained in sub-section (1), it shall be lawful for the Controller to keep the register of patents or any part thereof in computer floppies, diskettes or any other electronic form subject to such safeguards as may be prescribed.

1 of 1872.

(5) Notwithstanding anything contained in the Indian Evidence Act, 1872, a copy of, or extracts from, the register of patents, certified to be a true copy under the hand of the Controller or any officer duly authorised by the Controller in this behalf shall, in all legal proceedings be admissible in evidence;

(6) In the event the register is kept wholly or partly in computer floppies, diskettes or any other electronic form,—

(a) reference in this Act to an entry in the register shall be deemed to include reference to a record of particulars kept in computer floppies, diskettes or any other electronic form and comprising the register or part of the register;

(b) references in this Act to particulars being registered or entered in the register shall be deemed to include references to the keeping of record of those particulars comprising the register or part of the register in computer floppies, diskettes or any other electronic form; and

(c) references in this Act to the rectification of the register are to be read as including references to the rectification of the record of particulars kept in computer floppies, diskettes or any other electronic form and comprising the register or part of the register."

30. In section 68 of the principal Act, for the words "the Controller within six months from the commencement of this Act, or the execution of the document, whichever is later or within such further period not exceeding six months in the aggregate", the words "the Controller within six months from the execution of the document or within such further period" shall be substituted.

Amendment
of section 68.

31. In section 72 of the principal Act, after sub-section (2), the following sub-section shall be added, namely:—

Amendment
of section 72.

"(3) If the record of particulars is kept in computer floppies in, or diskettes or any other electronic form, sub-sections (1) and (3) shall be deemed to have been complied with if the public is given access to such computer floppies, diskettes or any other electronic form or printouts of such record of particulars for inspection."

32. In section 76 of the principal Act,—

Amendment
of section 76.

(a) for the words "Central Government", the words "Central Government, Appellate Board" shall be substituted;

2 of 1911.

Amendment of
section 78.

33. In section 78 of the principal Act, in sub-section (1), after the words "complete specifications", the words "or other documents related thereto" shall be inserted.

Amendment of
section 80.

34. In section 80 of the principal Act, in sub-section (1), the following proviso shall be added at the end, namely:—

"Provided that the party desiring a hearing makes the request for such hearing to the Controller at least ten days in advance of the expiry of the time limit specified in respect of the proceeding."

Amendment of
section 84.

35. In section 84 of the principal Act,—

(a) in sub-sections (1) and (2), after the words "alleging that the", the words "patented invention has not been worked in India or that the" shall be inserted;

(b) in sub-section (5), after the words "satisfied that the", the words "patented invention has not been worked in India or that the" shall be inserted.

Amendment of
section 85.

36. In section 85 of the principal Act, after clause (iii), the following clause shall be inserted, namely:—

"(iv) except in case of a national emergency or other circumstances of extreme urgency or in case of public non-commercial use or on establishment of a ground of anti-competitive practices adopted by the patentee, as to whether the applicant has made efforts to obtain a licence from the patentee on reasonable commercial terms and conditions and whether such efforts have not been successful within a reasonable period as the Controller may deem fit."

Omission of
sections 86,
87 and 88.

37. Sections 86, 87 and 88 of the principal Act, shall be omitted.

Amendment of
section 89.

38. In section 89 of the principal Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Where, in respect of a patent, a compulsory licence has been granted, the Central Government or any person interested may, after the expiration of two years from the date of the order granting the first compulsory licence, apply to the Controller for an order revoking the patent on the ground that the patented invention has not been worked in India or that reasonable requirements of the public with respect to the patented invention have not been satisfied or that the patented invention is not available to the public at a reasonable price."

(b) in sub-section (3) after the words "if satisfied that the", the words "patented invention has not been worked in India or that the" shall be inserted.

Amendment of
section 90.

39. In section 90 of the principal Act,—

(a) in the opening portion, for the words and figures "sections 84, 86 and 89", the words and figures "sections 84 and 89" shall be substituted;

(b) in clause (a),—

(i) the opening words "if, by reason of the default of the patentee to manufacture in India to an adequate extent and supply on reasonable terms the patented article of a part or the patented article which is necessary for its efficient working or" shall be omitted;

(ii) in sub-clause (ii), the words "from manufacture in India" shall be omitted;

(c) in clause (b), the brackets and words "(whether before or after the commencement of this Act)" shall be omitted;

(d) after clause (b), the following clause shall be inserted, namely:—

"(bb) if the patentee imposes a condition upon the grant of licences under the patent to provide exclusive grant back, prevention to challenges to the validity of patent or coercive package licensing."

(e) clause (d) shall be omitted;

(f) in clause (e), for the words "by the patentee or the other persons referred to in the preceding clause" the following shall be substituted, namely:—

"by—

(i) the patentee or persons claiming under him; or

(ii) persons directly or indirectly purchasing from him; or

(iii) other persons against whom the patentee is not taking or has not taken proceedings for infringement.".

40. In section 91 of the principal Act, in sub-section (1), for the words and figures "section 84, section 86 or section 89, as the case may be, is made on the ground", the words and figures "section 84 or section 89, as the case may be, is made on the grounds that the patented invention has not been worked in India or on the ground" shall be substituted.

Amendment of
section 91.

41. In section 92 of the principal Act, in sub-section (1), the words and figures "section 86" shall be omitted.

Amendment of
section 92.

42. In section 93 of the principal Act,—

Amendment of
section 93.

(a) sub-section (3) shall be omitted;

(b) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) Where two or more patents are held by the same patentee and an applicant for a compulsory licence establishes that the reasonable requirements of the public have not been satisfied with respect to some only of the said patents, then, if the Controller is satisfied that the applicant cannot efficiently or satisfactorily work the licence granted to him under those patents without infringing the other patents held by the patentee and if those patents involve important technical advancement of considerable economic significance in relation to the other patents, he may, by order, direct the grant of a licence in respect of the other patents also to enable the licensee to work the patent or patents in regard to which a licence is granted under section 84."

43. In section 95 of the principal Act, in sub-section (1), after clause (iii), the following clauses shall be inserted, namely:—

Amendment of
section 95.

(iv) that the licence granted is a non-exclusive licence;

(v) that the right of the licensee is non-assignable;

(vi) that the licence is for the balance term of the patent unless a shorter term is consistent with public interest;

(vii) that the licence is granted with a predominant purpose of supplying in the Indian market and in the case of semi-conductor technology, the licence granted is to work the invention for public non-commercial use and in the case, the license granted to remedy a practice determined after judicial or administrative process to be anti-competitive licensee shall be permitted to export the patented product.".

44. After section 95 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
95A.

"95A. (1) On an application made by the patentee or any other person deriving title or interest in the patent, a compulsory licence granted under section 84 may be terminated by the Controller, if and when the circumstances that gave rise to the grant thereof no longer exist and such circumstances are unlikely to recur:

Provided that the holder of the compulsory licence shall have the right to object to such termination.

Termination of
compulsory
licence.

(2) While considering an application under sub-section (1), the Controller shall take into account that the interest of the person who had previously been granted the licence is not unduly prejudiced.

**Amendment
of section 96.**

45. In section 96 of the principal Act, to sub-section (3), the following proviso shall be added at the end, namely:—

“Provided that the licence granted by the Controller shall be non-assignable except with the assignment of the respective patents.”

**Amendment
of section 97.**

46. In section 97 of the principal Act, in sub-section (1),—

(a) for the words “or class of patents in force that it is necessary or expedient in the public interest”, the words “in force in circumstances of national emergency or circumstances of extreme urgency, it is necessary or in case of public non-commercial use” shall be substituted;

(b) for the word “terms” occurring in clauses (i) and (ii), the words “terms and conditions” shall be substituted.

**Amendment
of section 99.**

47. In section 99 of the principal Act, sub-section (3) shall be omitted.

**Amendment
of section 100.**

48. In section 100 of the principal Act,—

(a) the proviso to sub-section (3) shall be omitted;

(b) in sub-section (5), for the words “unless it appears to the Government that it would be contrary to the public interest so to do”, the words “except in circumstances of extreme urgency or of national emergency or for non-commercial use” shall be substituted;

(c) in sub-section (6), for the words “right to sell the goods”, the words “right to sell, on non-commercial basis, the goods” shall be substituted.

**Amendment of
new section
101.**

49. In section 101 of the principal Act,—

(a) in sub-section (1),—

(i) the words “, whether before or after the commencement of this Act,” shall be omitted;

(ii) the brackets and words “(including payments by way of minimum royalty)” shall be omitted;

(b) in sub-section (2), the brackets and words “(including payments by way of minimum royalty)”, shall be omitted;

(c) in sub-section (3), in clause (b), the words “including payments by way of minimum royalty” shall be omitted.

**Insertion of
new section
104A.**

50. After section 104 of the principal Act, the following section shall be inserted, namely:—

**Burden of
Proof in case
of suits
concerning
infringement.**

“104A. (1) In any suit for infringement of a patent, where the subject matter of the patent is a process for obtaining a new product, the burden of proving that a new and identical product is not made by that process shall be on the alleged infringer if a substantial likelihood exists that the identical product is made by the process, and the proprietor, of the patent or a person deriving title or interest in the patent from him has been unable through reasonable efforts to determine the process actually used:

Provided that the proprietor of the patent or a person deriving title or interest in the patent from him first proves that the product is identical to the product directly obtained by the patented process.

(2) In considering whether a party has discharged the burden imposed upon him by sub-section (1), the court shall not require him to disclose any manufacturing or commercial secrets, if it appears to the court that it would be unreasonable to do so.”.

51. After section 107 of the principal Act, the following section shall be inserted, namely:—

"107A. For the purposes of this Act—

(a) any act of making or using a patented invention within three years before the expiry of the term of the patent by any person for the purpose of development and submission of information to any regulatory authority responsible for grant of marketing approval for the product of invention;

(b) importation of patented products by any person from a person who is duly authorised by the patentee to sell or distribute the product,

shall not be considered as an infringement of patent rights.”.

52. Section 108 of the principal Act shall be renumbered as sub-section (1) thereof, and after sub-section (1), as so renumbered, the following sub-section shall be inserted, namely:—

“(2) The court may also order that the goods which are found to be infringing and materials and implements, the predominant use of which is in the creation of infringing goods shall be destroyed without payment of any compensation.”.

53. Section 112 of the principal Act, shall be omitted.

54. For Chapter XIX of the principal Act, the following Chapter shall be substituted, namely:—

"CHAPTER XIX

APPEALS TO THE APPELLATE BOARD

116.(1) Subject to the provisions of this Act, the Appellate Board established under section 83 of the Trade Marks Act, 1999 shall be the Appellate Board for the purposes of this Act and the said Appellate Board shall exercise the jurisdiction, powers and authority conferred on it by or under this Act:

Provided that the Technical Member for the purposes of this Act shall have the qualifications specified in sub-section (2).

(2) A person shall not be qualified for appointment as a Technical Member for the purposes of this Act unless he—

(a) has at least five years held the post of Controller under this Act or has exercised the functions of the Controller under this Act for at least five years; or

(b) has been for at least ten years functioned as a Registered Patent Agent and possesses a degree in engineering or technology or a masters degree in science from a recognised university or equivalent; or

(c) has, for at least ten years, been an advocate of a proven specialised experience in practising law relating to patents and designs.

117.(1) The Central Government shall determine the nature and categories of the officers and other employees required to assist the Appellate Board in the discharge of its functions under this Act and provide the Appellate Board with such officers and other employees as it may think fit.

(2) The salaries and allowances and conditions of service of the officers and other employees of the Appellate Board shall be such as may be prescribed.

(3) The officers and other employees of the Appellate Board shall discharge their functions under the general superintendence of the Chairman in the manner as may be prescribed.

Insertion of new section 107A.

Certain acts not to be considered as infringement.

Amendment of section 108.

Omission of section 112.
Substitution of new Chapter for Chapter XIX.

Appellate Board.

Staff of Appellate Board.

Appeals to Appellate Board.

117A. (1) Save as otherwise expressly provided in sub-section (3), no appeal shall lie from any decision, order or direction made or issued under this Act by the Central Government, or from any act or order of the Controller for the purpose of giving effect to any such decision, order or direction.

(2) An appeal shall lie to the Appellate Board from any decision, order or direction of the Controller or Central Government under section 15, section 16, section 17, section 18, section 19, section 20, section 25, section 27, section 28, section 51, section 54, section 57, section 60, section 61, section 63, section 66, sub-section (3) of section 69, section 78, section 84, section 89, section 93, section 96 and section 97.

(3) Every appeal under this section shall be in the prescribed form and shall be verified in the prescribed manner and shall be accompanied by a copy of the decision, order or direction appealed against and by such fees as may be prescribed.

(4) Every appeal shall be made within three months from the date of the decision, order or direction, as the case may be, of the Controller, or within such further time as the Appellate Board may in accordance with the rules made by it allow.

Procedure and powers of Appellate Board.

117B. The provisions of sub-sections (3) to (6) of section 84, section 87, section 92, section 95 and section 96 of the Trade Marks Act, 1999 shall apply to the Appellate Board in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the Trade Marks Act, 1999.

Bar of jurisdiction of courts, etc.

117C. No court or other authority shall have or, be entitled to, exercise any jurisdiction, powers or authority in relation to the matters referred to in sub-section (2) of section 116 or section 117D.

Procedure for application for rectification, etc., before Appellate Board.

117D. (1) An application for rectification of the register made to the Appellate Board under section 71 shall be in such form as may be prescribed.

(2) A certified copy of every order or judgment of the Appellate Board relating to a patent under this Act shall be communicated to the Controller by the Board and the Controller shall give effect to the order of the Board and shall, when so directed, amend the entries in, or rectify, the register in accordance with such order.

Appearance of Controller in legal proceedings.

117E. (1) The Controller shall have the right to appear and be heard—

(a) in any legal proceedings before the Appellate Board in which the relief sought includes alteration or rectification of the register or in which any question relating to the practice of the patent office is raised;

(b) in any appeal to the Appellate Board from an order of the Controller on an application for grant of a patent—

(i) which is opposed, and the application is either refused by the Controller or is accepted by him subject to any amendments, modifications, conditions or limitations, or

(ii) which has been opposed and the Controller considers that his appearance is necessary in the public interest,

and the Controller shall appear in any case if so directed by the Appellate Board.

(2) Unless the Appellate Board otherwise directs, the Controller may, in lieu of appearing, submit a statement in writing signed by him, giving such particulars as he thinks proper of the proceedings before him relating to the matter in issue or of the grounds of any decision given by him or of the practice of the patent office in like cases, or of other matters relevant to the issues and within his knowledge as the Controller, and such statement shall be evidence in the proceeding.

117F. In all proceedings under this Act before the Appellate Board, the costs of the Controller shall be in the discretion of the Board, but the Controller shall not be ordered to pay the costs of any of the parties.

Costs of Controller in proceedings before Appellate Board.

117G. All cases of appeals against any order or decision of the Controller and all cases pertaining to rectification of register, pending before any High Court, shall be transferred to the Appellate Board from such date as may be notified by the Central Government in the Official Gazette and the Appellate Board may proceed with the matter either *de novo* or from the stage it was so transferred.”.

Transfer of pending proceedings to Appellate Board.

55. In section 120 of the principal Act, for the words “five hundred rupees”, the words “ten thousand rupees” shall be substituted.

Amendment of section 120.

56. In section 122 of the principal Act, in sub-section (1), for the words “one thousand rupees”, the words “twenty thousand rupees” shall be substituted.

Amendment of section 122.

57. In section 123 of the principal Act,—

Amendment of section 123.

(a) for the words “five hundred rupees”, the words “ten thousand rupees” shall be substituted;

(b) for the words “two thousand rupees”, the words “forty thousand rupees” shall be substituted.

58. For section 125 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 125.

“125. (1) The Controller shall maintain a register to be called the register of patent agents in which shall be entered the names, addresses and other relevant particulars as may be prescribed of all persons qualified to have their names so entered under section 126.

Register of patent agents.

(2) Notwithstanding anything contained in sub-section (1), it shall be lawful for the Controller to keep the register of patent agents in computer floppies, diskettes or any other electronic form subject to such safeguards as may be prescribed.”.

59. In section 126 of the principal Act,—

Amendment of section 126.

(a) in sub-section (1),—

(i) in clause (c),—

(A) for the words “degree from any University”, the words “degree in science, engineering or technology from any University” shall be substituted;

(B) in sub-clause (ii), the word “or” shall be added at the end;

(ii) after sub-clause (ii), the following sub-clause shall be inserted, namely:—

“(iii) has, for a total period of not less than ten years, functioned either as an examiner or discharged the functions of the Controller under section 73 or both but ceased to hold any such capacity at the time of making the application for registration;”;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Notwithstanding anything contained in sub-section (1), a person who has been registered as a patent agent before the commencement of the Patents (Second Amendment) Act, 1999, shall be entitled to continue to be or when required to be re-registered as a patent agent on payment of the fee as may be prescribed.”.

Amendment of
section 128.

60. In section 128 of the principal Act,—

- (a) in sub-section (1), the words "Subject to the provisions contained in sub-section (2) and to any rules made under this Act" shall be omitted;
- (b) sub-section (2) shall be omitted.

Amendment of
section 130.

61. In section 130 of the principal Act,—

- (a) for the words "Central Government" wherever they occur, the word "Controller" shall be substituted;
- (b) in sub-section (1), for the word "it", the word "he" shall be substituted.

Amendment of
section 132.

62. In section 132 of the principal Act,—

- (a) in clause (a), the words "or any person, not being a patent agent, who is duly authorised by the applicant" shall be omitted;
- (b) in clause (b), for the words "proceedings under this Act otherwise than by way of drafting any specification", the words "hearing before the Controller on behalf of a party who is taking part in any proceeding under this Act" shall be substituted.

Amendment
of section
133.

63. In section 133 of the principal Act, the following *Explanation* shall be inserted at the end, namely:—

'Explanation.—For the purposes of this Chapter "country" includes a group or union of countries or inter-governmental organisations.'

Amendment
of section
138.

64. In section 138 of the principal Act,—

- (a) in sub-section (1), after the words "shall furnish", the words "when required by the Controller," shall be inserted;
- (b) in sub-section (2), for the words "annexed to the specification or document", the words "furnished when required by the Controller" shall be substituted;
- (c) after sub-section (3), the following sub-sections shall be inserted, namely:—

"(4) An international application filed under Patent Co-operation Treaty designating India shall have effect of filing an application for patent under section 7, section 54 and section 135, as the case may be, and the title, description, claim and abstract and drawings, if any, filed in the international application shall be taken as complete specification for the purposes of this Act.

(5) The filing date of an application for patent and its complete specification processed by the patent office as designated office shall be the international filing date accorded under the Patent Co-operation Treaty.

(6) Amendment, if any, proposed by the applicant for an international application designating India or designating and electing India before international searching or preliminary examination authority shall, if the applicant so desires, be taken as an amendment made before the patent office.".

Amendment
of section
140.

65. In section 140 of the principal Act,—

- (a) in sub-section (1), in clause (iii), after sub-clause (c), the following sub-clause shall be inserted, namely:—

"(d) to provide exclusive grant back, prevention to challenges to validity of patent and coercive package licensing,";

(b) sub-section (5) shall be omitted.

Amendment of
section 141.

66. In section 141 of the principal Act, in sub-section (1), the words "whether made before or after the commencement of this Act," shall be omitted.

Amendment of
section 142.

67. In section 142 of the principal Act,—

(a) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Where a fee is payable in respect of the filing of a document at the patent office, the fee shall be paid along with the document or within the prescribed time and the document shall be deemed not to have been filed at the office if the fee has not been paid within such time.”;

(b) in sub-section (4), the words “or within the extended period not later than nine months from the date of recording” shall be added at the end.

68. In section 143 of the principal Act, for the words “or be open to public inspection at any time before the date of advertisement of acceptance of the application”, the words “before eighteen months from the date of application or the priority date of the application or before the same is opened to public inspection” shall be substituted.

69. For section 157A of the principal Act, the following section shall be substituted, namely:—

“157A. Notwithstanding anything contained in this Act, the Central Government shall—

(a) not disclose any information relating to any patentable invention or any application relating to the grant of patent under this Act, which it considers prejudicial to the interest of the security of India;

(b) take any action including the revocation of any patent which it considers necessary in the interest of the security of India by issue of a notification in the Official Gazette to that effect.

Explanation.—For the purpose of this section, the expression “security of India” means any action necessary for the security of India which—

(i) relates to fissionable materials or the materials from which they are derived; or

(ii) relates to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment; or

(iii) is taken in time of war or other emergency in international relations.”.

70. In section 159 of the principal Act, in sub-section (2),—

(a) after clause (i), the following clause shall be inserted, namely:—

“(ia) the manner of making the request for examination of an application for patent under sub-section (1) of section 11B;”;

(b) in clause (iii), after the word “manner”, the word and “time” shall be inserted;

(c) in clause (xi), after the word “patents”, the words “and the safeguards to be observed in the maintenance of such register in computer floppies, diskettes or any other electronic form” shall be inserted;

(d) after clause (xii), the following clauses shall be inserted, namely:—

“(xiia) the salaries and allowances and other conditions of service of the officers and other employees of the Appellate Board under sub-section (2) and the manner in which the officers and other employees of the Appellate Board shall discharge their functions under sub-section (3) of section 117;

(xiib) the form of making an appeal, the manner of verification and the fee payable under sub-section (3) of section 117A;

(xiic) the form in which, and the particulars to be included in, the application to the Appellate Board under sub-section (1) of section 117D;”;

(e) in clause (xiv), after the word “maintained”, the words, brackets and figures “under sub-section (1) of the section 125 and the safeguards to be observed in the maintenance of such register of patent agents on computer floppies, diskettes or any other electronic form under sub-section (2) of that section;”.

71. Section 161 of the principal Act, shall be omitted.

72. In section 162 of the principal Act, sub-sections (2) and (3) shall be omitted.

Amendment of
section 143.

Substitution of
new section for
section 157A.

Protection of
Security of
India.

Amendment
of section
159.

Omission of
section 161.
Amendment of
section 162.

STATEMENT OF OBJECTS AND REASONS

The law relating to patents is contained in the Patents Act, 1970 which came into force on the 20th April, 1972. The Act was last amended in March, 1999 to meet India's obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which forms part of the Agreement establishing the World Trade Organisation (WTO). Apart from the aforesaid amendment, the Act has not undergone any change so far. Since 1972, there has been considerable technological innovations and development of knowledge and the concept of intellectual property as a resource for knowledge-based industries has become well recognised the world over. Development of technological capability in India, coupled with the need for integrating the intellectual property system with international practices and intellectual property regimes, requires that the Act be modified into a modern, harmonised and user-friendly legislation to adequately protect national and public interests while simultaneously meeting India's international obligations under the TRIPS Agreement which are to be fulfilled by 31st December, 1999.

2. Given the importance of the issues, the Government engaged itself in broad-based and extensive consultations involving different interest groups on aspects critical to the changes which may be necessary in the Patents Act, 1970.

3. While considering amendment to the Act, efforts have been made to make the law not only TRIPS compliant but also to provide therein necessary and adequate safeguards for protection of public interest, national security, bio-diversity, traditional knowledge, etc. Opportunity is also proposed to be availed of for harmonising the procedure for grant of patents in accordance with international practices and to make the system more user friendly.

4. Some of the salient features of the Bill are as under:—

(a) to define the term "invention" in consonance with international practices and consistent with TRIPS Agreement;

(b) to modify section 3 of the present Act to include exclusions permitted by TRIPS Agreement and also subject matters like discovery of any living or non-living substances occurring in nature in the list of exclusions which in general do not constitute patentable invention;

(c) to align rights of patentee as per Article 28 of the TRIPS Agreement;

(d) to add provision for reversal of burden of proof in case of infringement suit on process patent in accordance with Article 34 of the TRIPS Agreement;

(e) to provide a uniform term of patent protection of twenty years for all categories of invention as per Article 33 of the TRIPS Agreement;

(f) to align the provisions relating to compulsory licensing and to omit provisions relating to licensing of rights;

(g) to provide provisions relating to parallel import of patented products;

(h) to make a provision for enabling persons other than patent holder to obtain marketing approval from the appropriate regulatory authorities within three years before the expiration of the term of the patent;

(i) to incorporate measures for protection of bio-diversities and traditional knowledge;

(j) to provide an Appellate Board for speedy disposal of appeals and rectification of register of patent which at present lie before High Court;

(k) to amend the provisions relating to national security;

(l) to amend several provisions of the Act with a view to simplifying and rationalising the procedures aimed at benefitting users.

5. The Bill seeks to achieve the above objects. The notes on clauses explain the various provisions of Bill.

Notes on clauses

Clause 1.—Sub-clause (1) of this clause provides for the short title of the proposed legislation. Sub-clause (2) provides for appointment of different dates for commencement of different provisions of the Bill when enacted, because provisions like those for Appellate Board are new and require providing of necessary mechanism, which may take some time.

Clause 2.—This clause provides substitution of the words "High Court" and "Court" by the words "Appellate Board" and "Board" in sections 21, 43 and 71 and in sections 21 and 71 respectively of the Patents Act, 1970 (hereafter referred to as the Act). In the Bill it is proposed in clause 54 to set up an Appellate Board to which appeals on the orders, decisions or directions of the "Controller" and application for rectification of the register are to be made.

Clause 3.—This clause seeks to amend section 2 of the Patents Act, 1970 relating to definitions and interpretation. While some new definitions which have been added, some of the existing definitions have been made comprehensive and amplified. The new definitions which have been added are "Appellate Board", "capable of industrial Application", "International application", "Inventive Step" and "Patent Cooperation Treaty" and definitions which are amended are those relating to "assignee", "convention country", "food", "High Court" and "Patent". While it is necessary to define new terminologies used in this Bill, it has also become necessary to modify some other definitions in accordance with changing requirements, present practices, etc. Definition of "assignee" has been amended to include an assignee of the assignee. The group of countries or Union of Countries or Inter-Governmental Organization have been included in the definition of convention countries to meet the requirements of international treaties to which India is a party. The definition of food has been amended to encode interpretation of the existing provision as applicable to human beings only. "Invention" has been defined to mean a new product or process involving an inventive step and capable of industrial application to make it in conformity with Article 27 of the Agreement on Trade Related Intellectual Property Rights (TRIPS). The expressions "inventive step" and "capable of industrial application" have also been defined.

Clause 4.—This clause seeks to amend section 3 of the Act which relates to inventions not patentable. It is proposed to modify some of the provisions in respect of non-patentable subject matter and also proposes to include some additional matters as non-patentable under the category of non-patentable subject matter. Sub-clause (a) seeks to substitute clause (b) of the said section so that invention causing serious prejudice to human beings, animals or plant or to the environment would not be inventions within the meaning of the Act. Sub-clause (b) seeks to amend clause (c) of section 3 so as to include discoveries of any living thing or non-living substance occurring in nature as not inventions patentable. Method of testing has been removed from the category of non-patentable subject matter by omission of clause (g) of section 3 as required by Article 27 of the TRIPS Agreement. The scope of the subject matter under clause (1) of section 3 has been widened to include diagnostic and therapeutic methods. But the similar treatment of plants in this category has been removed from the category of non-patentable inventions as such exclusion is not permissible under Article 27 of the TRIPS Agreement. A new provision has been added to exclude plants and animals, other than micro-organism in whole or any part thereof including seeds varieties and species and essentially biological process for production or propagation of plants and animals from being patentable as these exclusions are permissible under paragraph 3 of Article 27 of the TRIPS Agreement. Similarly a mathematical or business method or a computer programme or algorithms, a literary, dramatic, musical or artistic work or any other aesthetic creation including cinematographic works and television productions, a mere scheme or rule or method of performing mental act or method or playing game; a presentation of information and topography of integrated circuits have been included in this section so as to be ineligible for being patented.

Clause 5.—This clause seeks to amend section 5 of the Act relating to inventions where only methods or processes of manufacture are patentable. It is proposed to add an *Explanation* to the section clarifying that the expression "chemical process" shall include biochemical, biotechnological and microbiological processes. Products of such processes are not presently protected under the Act.

Clause 6.—This clause seeks to insert a new provision in section 7 of the Act which relates to form of application. It proposes that an international application when it is filed designating India shall be treated as an application under the Act. The provision is in conformity with the Patent Cooperation Treaty to which India is a signatory.

Clause 7.—Sub-clause (a) of this clause proposes to amend sub-section (1) of section 8 of the Act which relates to information and undertaking regarding foreign applications to enable filing of particulars of corresponding applications being prosecuted in other countries either alongwith the application. Subsequently within such period as the Controller may, for goods and sufficient reasons allow. It is also proposed to expand the requirement of submission of such particulars to detailed particulars of the foreign application. By sub-clause (b), sub-section (2) of section 8 is proposed to be substituted by a provision for receiving information relating to processing of corresponding application outside India from the applicant within one month under the direction of the Controller or within such period as the Controller may permit.

Clause 8.—By this clause some new provisions are proposed to be included under section 10 which relates to contents of application to make furnishing of abstract of invention as mandatory for making deposit of biological material mentioned in the specifications with the authorized depository institution and also for disclosing the source and geographical origin of the biological material used in the invention.

The proposed new sub-section (4A) seeks to lay down that the title, description drawings and claims filed in an international application designating India shall be the complete specification under the Act and the filing date of an application for patent and its complete specification processed by the Patent Office as designated office or elected office shall be the international filing date accorded under the Patent Cooperation Treaty. This provision is in accordance with Patent Cooperation Treaty to which India is a signatory.

Sub-clause (c) seeks to substitute sub-section (5) of section 10 to accommodate a group of inventions as one invention when having single inventive concept. The provision is in accordance with Patent Cooperation Treaty to which India is a signatory.

Clause 9.—This clause seeks to insert new sections 11A and 11B in the Act to include a system of publication of applications after 18 months of the priority date and a system of examination on request only. The request can be made by the applicant for patent or any other interested party. Provisions for withdrawal of application has also been introduced. Consequent upon the insertion of these new provisions, the heading of Chapter IV is proposed to be amended to read as Publication and Examination of Applications.

Clause 10.—This clause proposes to amend section 12 which relates to examination of application to the effect that the application is to be referred by the Controller to an examiner for examination only after a request for such examination is received.

Clause 11.—This clause proposes to amend section 13 of the Act which relates to search for anticipation by previous publication and by prior claim. So as to make international search mandatory for the examiner which under the existing provisions, is required only on the direction of the Controller.

Clause 12.—This clause seeks to substitute section 15 which relates to power of Controller to refuse or require amendment of application. The provision has been simplified to enable the Controller to require the application, specification or drawings to be amended to his satisfaction or on failure to do so entails refusal of application.

Clause 13.—This clause proposes to amend section 17 as a consequential to the introduction of the new provision of section 15 by clause 12.

Clause 14.—This clause proposes to amend section 21 of the Act which relates to the time for putting application in order for acceptance. By this clause the time limit for putting up an application for patent in order for acceptance has been reduced to twelve months (with no further extension) from the existing time limit of 15 months, extendable by 3 months, for expediting grant of patents.

Clause 15.—This clause proposes to amend section 22 of the Act so as to make changes consequential to the changes proposed in section 21 by clause 14.

Clause 16.—This clause seeks to amend section 23 of the Act which relates to advertisement of acceptance of complete specification. By this clause it is proposed to provide that the other documents alongwith the application and the specification as accepted should made available to public inspection on advertisement of acceptance of complete specification in the Official Gazette.

Clause 17.—This clause seeks to amend section 25 of the Act relating to opposition to grant of patent to incorporate two additional grounds for opposition to grant of a patent. It is proposed to include non-disclosure or wrongful disclosure of the source of biological materials and also availability of local or indigenous knowledge oral or otherwise in any country as grounds for opposition.

Further it is also proposed that when opposition is not substantially lodged, the Controller should not be compelled to give hearing to the parties. This is with a view to avoid dilatory tactics of parties. This scope of sub-section (3) with respect to secret use is proposed to be extended to incorporate personal documents and secret trial.

Clause 18.—This clause proposes to amend section 35 of the Act which relates to secrecy directions relating to inventions relevant for defence purposes. It is proposed to extend the scope of secrecy from partial secrecy with respect to a person or class of persons to complete secrecy in respect of inventions relevant for defence purpose.

Clause 19.—This clause proposes amendment of section 36 of the Act which relates to periodical review of secrecy directions. It is proposed to substitute sub-section (1) with a new sub-section so as to provide for review of secrecy direction after a uniform interval of one year in place of nine months at the first instance and thereafter twelve months. Further it is also proposed that on publication of application abroad in case of foreign applications, the secrecy direction shall be removed by the Central Government.

Clause 20.—This clause proposes to amend section 43 of the Act which relates to grant and sealing of patent. It is proposed to incorporate a provision for refusal of grant of Patent by Controller in case the accepted application violates any of the provisions under the Act.

Clause 21.—This clause proposes to amend section 45 which relates to date of patent to make the date of patent as date of filing of the application in place of date of filing of complete specification and to delete the proviso relating to the provisions of Patents and Designs Act, 1911 which have no relevance now.

Clause 22.—This clause seeks to substitute section 48 of the Act which is for right of the patentee with a new provision. Under the proposed section, the right of a patentee on product patent will be extended to prevent importation and that on process patent is extended to sell and importation of the product directly obtained by the process, provided that the product itself is patentable under the Act.

Clause 23.—This clause seeks to carry out a consequential amendment in section 50 of the Act which relates to right of co-owners of patents proposed by clause 22.

Clause 24.—This clause proposes amendment of section 53 of the Act which relates to the term of patent. Sub-clause (a) proposes to substitute sub-section (1) so as to lay down a uniform term of 20 years for every patent granted under the Act from the date of filing of application for such patent. This provision is proposed in accordance with Article 33 of the TRIPS Agreement.

Sub-clause (b) seeks to insert a new sub-section (4) to section 53 so as to provide that once the invention enters into public domain due to non-payment of renewal fee or expiry of full term, the subject matter is not entitled to protection.

Clause 25.—This clause proposes amendment of section 57 of the Act which relates to amendment of application and specification to incorporate provision for amendment of other documents related therewith. Further it is also proposed to make it discretionary to the Controller to advertise in the Official Gazette of the advertisement of amendment proposed and the nature of such amendment after acceptance of the complete specification by him.

Clause 26.—This clause seeks to amend section 59 of the Act which provides supplementary provisions for amendment of application and specification so as to allow amendment for incorporation of actual facts also to be included in the said supplementary provision.

Clause 27.—This clause proposes to amend section 60 of the Act which relates to restoration of lapsed patent. Period for restoration is now proposed to be eighteen months in place of one year. This clause further proposes deletion of sub-section (2) which relates to patents granted under the Patents and Designs Act, 1911 as the said provision has become obsolete.

Clause 28.—This clause proposes to amend section 64 of the Act which relates to revocation of patents. By this clause, proviso to clauses (b), (e) and (f) of sub-section (1) are proposed to be omitted as those provisos pertain to patents granted under the Patents and Designs Act, 1911 (since repealed) and have since become obsolete. This clause further proposes to incorporate two additional grounds for revocation of patents. Non-disclosure or wrongful mentioning of the source or geographical origin of biological material used for the invention is now proposed to be a grounds for revocation of patent. This measure is taken to protect the bio-diversity of the country. It is further proposed to include knowledge available to indigenous community in any country as anticipation of the invention for the purpose of revocation of patent. This measure is taken to protect folklore or knowledge belonging to local or indigenous community.

Clause 29.—This clause seeks to amend section 67 of the Act which relates to register of patent. By this clause it is proposed to enable the Controller to maintain the register of patent or any part thereof in computer floppies or diskettes or in any other electronic form subject to such safeguards as may be prescribed by rules. It is a measure to keep pace with recent developments in the technology and to provide better and quicker services.

Clause 30.—This clause seeks to amend section 68 of the Act which relates to registration of the documents like assignments, etc. By this clause, the rigidity in the provision to make registration within a maximum period of one year from the date of execution of the documents is proposed to be made flexible.

Clause 31.—This clause proposes to amend section 72 of the Act which relates to register of patent to be open for public inspection. This clause provides amendments which are consequential to the amendment proposed in section 67 by clause 29.

Clause 32.—This clause proposes to amend section 76 of the Act which relates to restriction on the officers or employees in the Patent Office to furnish information, etc., except by the order of the Central Government or Controller or Court. By this clause it is proposed to add "Appellate Board" to it as consequential to the establishment of Appellate Board by clause 54. This clause further provides deletion of reference to the Patents and Designs Act, 1911 as which has become obsolete.

Clause 33.—This clause proposes to amend section 78 of the Act which relates to power of the Controller to correct clerical errors, etc. By this clause the words "or other documents related thereto" has been sought to be inserted after the words "complete specifications" in sub-section (1) in order to enable the Controller to correct the said documents. This is consequential to the amendments proposed in sections 57 and 59.

Clause 33.—This clause proposes to amend section 80 of the Act which relates to exercise of discretionary powers by Controller. This clause seeks to add a proviso to the said section so as to lay down that at least 10 days time limit shall be given for requesting hearing by the party desiring a hearing before the Controller. This provision will enable the Controller to have timely and effective hearing to the parties.

Clause 35.—This clause proposes to amend section 84 which relates to grant of compulsory licence on patents. By this clause, additional ground of non-working of patented invention in India has been included in the grounds for grant of compulsory licence.

Clause 36.—This clause proposes to amend section 85 of the principle Act which relates to matters to be taken into account in granting compulsory licences. This clause provides prior approaching to patentee for grant of licence on reasonable terms and conditions. This clause further provides that such prior approaching is not necessary in the case of national emergency, extreme urgency, public non-commercial use or on establishment of a ground of anti competitive practices adopted by the patentee.

Clause 37.—This clause proposes to delete sections 86, 87 and 88 of the Act which relate to licence of right as these provisions are not in conformity with provisions under Article 31(a) of the TRIPS Agreement which lays down that use of patent without authorisation of the patentee to be considered only on individual merit.

Clause 38.—This clause proposes to amendment section 89 of the Act which relates to revocation of patent by the Controller for non-working. Amendments proposed are consequential to the amendments proposed in section 84 *vide* clause 35.

Clause 39.—This clause proposes amendment of section 90 of the Act which provides circumstances as to when reasonable requirement of the public deemed to be not satisfied. It is proposed to omit certain words relating to manufacture in India from clause (a) and clause (d) of section 90 so as to meet the obligations under the TRIPS. Amendments consequential to the omission of clause (d) are also proposed to be made in clause (e). It also proposes removal of reference to section 86 which is proposed to be deleted by clause 37. Further the words whether before or after the commencement of this Act are also proposed to be deleted from clause (a) of section 90 as the provision under the Patents and Designs Act, 1911 have become redundant. Further it is also proposed that if the patentee imposes restrictive conditions while granting a licence the same will also be taken as of the reasonable requirement of public is not met.

Clause 40.—This clause proposes amendment of section 91 of the Act which relates to the power of Controller to adjourn application for compulsory licences in some cases. Amendments proposed are consequential to the amendments contained in clauses 35 and 37.

Clause 41.—This clause seeks to amend section 92 of the Act which relates to proceedings for dealing with applications for compulsory licences so as to omit the reference to section 86 therein. The amendment proposed is consequential to the amendment contained in clause 37.

Clause 42.—This clause proposes amendment of section 93 of the Act which relates to the power of Controller in granting compulsory licence. Sub-section (3) which empowers the Controller to grant compulsory licence of exclusive nature is proposed to be deleted as it contravenes clause (d) of Article 31 of TRIPS Agreement.

Clause 43.—This clause amendment of section 95 of the Act which relates to terms and conditions of the compulsory licences. It is proposed to introduce three more clauses in sub-section (1) so as to enable the Controller to endeavour to secure, in setting the terms and conditions of a licence under section 84. The new conditions are that the compulsory licence to be an non-exclusive licence , right under licence is non-assignable, the licence is to be granted for the balance term of the patent and that the licence is granted for predominant purpose for supply in the India market. Further licence granted for semiconductor technologies is for public non-commercial use and in the case of establishment of anti-competitive practices adopted by the patentee, licence granted can be for exporting the goods manufactured. These provisions are proposed in accordance with Article 31 of the TRIPS Agreement.

Clause 44.—This clause incorporate a new provision for termination of compulsory licence in the Act when the circumstances on which compulsory licence is granted does not exist and also unlikely to recur after consideration of objection, by the licence holder and taking into account to his interest. These provisions are proposed to make the law in conformity with clause (g) of Article 31 of TRIPS Agreement.

Clause 45.—This clause proposes amendment of section 96 of the Act which relates to licensing of related patents. It imposes a restriction on the licence granted by the Controller as to be non-assignable. This provision is proposed in accordance with clause (1) of Article 31 of the TRIPS Agreement.

Clause 46.—This clause proposes amendment of section 97 of the Act which relates to special provision of compulsory licence on notification by Central Government. It is proposed to remove the applicability of the provision to "class of patents" and to substitute the expression "public interest" with "circumstances of national emergency or circumstances of extreme urgency". These amendments are proposed in accordance with Article 31 of the TRIPS Agreement.

Clause 47.—This clause proposes omission of sub-section (2) of section 99 as it relates to the patents granted under the Patents and Designs Act, 1911 and has thus become redundant.

Clause 48.—This clause proposes amendment of section 100 of the Act which relates to power of Central Government to use invention for the purpose of Government. It is proposed to delete the proviso under sub-section (3) which restricts the royalty to four per cent. as it is against the provisions of clause (h) of Article 31 of the TRIPS Agreement according to which patent holder must be paid adequate remuneration based on the circumstances of the case. Sub-clause (b) seeks to amend sub-section (5) so as to substitute the words "contrary to public interest" by the words "circumstances of extreme urgency or of national emergency or for public non-commercial use" as in those circumstances only the TRIPS Agreement permits that the patent holder need not be approached when use without authorisation of the patent holder is granted. Sub-clause (c) seeks to amend sub-section (6) so as to restrict the right to sell the goods to non-commercial basis. This is proposed in accordance with Article 31 of the TRIPS Agreement.

Clause 49.—This clause proposes amendment of section 101 of the Act which relates to rights of third parties in respect of use of invention for purposes of Government. It is proposed to omit the words "whether before or after the commencement of this Act" occurring in sub-section (1) as these words have become redundant.

It is also proposed to omit the brackets and words "(including payments by way of minimum royalty)" occurring in sub-sections (1) and (2) as clause (h) of Article 31 of TRIPS Agreement provides for payment of adequate remuneration based on the circumstances of the case.

Clause 50.—This clause seeks to insert a new section 104A in the Act relating to burden of proof in the cases of infringement suits. It is proposed that in the case of

infringement of process patent, the burden of proof in proving that the patent is not infringed shall be on the alleged infringer in the circumstances specified in the provision. However, the alleged infringer shall not be required by the court to disclose any manufacturing or commercial secrets when such disclosure is found to be unreasonable.

Clause 51.—This clause seeks to insert a new section 107A in the Act, relating to certain acts which are not to be considered infringements. It is proposed that the act of making or using a patented product for the purpose of development and submission of information to a regulatory authority regulating marketing approval of the product, shall not constitute an infringement. This provision is proposed to ensure that generic drug should be available in Indian market immediately after the expiry of the term of the concerned patents. It is also proposed that the importation of patented product from the person who is duly authorised by the patent holder shall not constitute an infringement. This provision is proposed to ensure availability of the patented product in the Indian market at minimum international market price.

Clause 52.—This clause proposes to amend section 108 of the Act which relates to reliefs in suits for infringement. It is proposed to provide additional reliefs to the patentee in case of infringement of the patent by giving power to the court for destruction of infringing goods and implements used for the production of said goods. This provision is proposed in accordance with Articles 41 and 61 of the TRIPS Agreement.

Clause 53.—This clause seeks to omit section 112 of the Act which relates to restriction on powers of the court to grant injunction in cases of infringement of patent endorsed or deemed to be endorsed with the words "Licences of rights". This is consequential to the proposal made in clause 37 for deletion of section 86, 87 and 88 which are related to "Licences of rights".

Clause 54.—This clause seeks to substitute Chapter XIX of the Act with a new chapter with the heading "Appeals to the Appellate Board". Intellectual property is a specialized subject needing special expertise to deal with. Appellate Tribunal for Intellectual property is a recognised system in many countries of the world. Having regard to the expected increase in the volume of appeals in the future and in order to have speedy, timely and less expensive disposal of appeals, etc., it is proposed to utilize the services of the Intellectual Property Rights Appellate Board sought to be established under section 83 of the proposed Trade Marks Act, 1999 with experienced hands in the field of patent law as Technical Member. It is proposed that appeals from the decisions of the Controller shall be to the Appellate Board instead of to the High Court. Further, rectification of the register which is now before the High Court under section 71 of the Act is proposed to be brought before Appellate Board. The new Chapter deals with constitution, functions and powers of the Appellate Board, qualifications of Technical Member, arrangement of staff for the Appellate Board, appeals, procedure of Appellate Board, bar of jurisdiction of other forum in matters within the jurisdiction of the Appellate Board, procedure for rectification before Appellate Board, appearance of Controller before the Appellate Board, cost of Controller and transfer of proceedings pending before High Court.

Clause 55.—This clause proposes amendment of section 120 of the Act which relates to unauthorized claim of patent right. It is proposed to raise the amount of fine from five hundred rupees to ten thousand rupees based on the prevalent socio-economic conditions and the nature of the offence.

Clause 56.—This clause proposes amendment of section 122 of the Act which relates to refusal or failure to supply information about patents to the Controller or Central Government when asked to do so. It is proposed to raise the fine for such refusal or failure from one thousand rupees to twenty thousand rupees based on the prevalent socio-economic conditions and the nature of the offence.

Clause 57.—This clause proposes to amend section 123 of the Act which relates to practice by non-registered patent agents. It is proposed to raise the amount of fine in that

respect from five hundred rupees to ten thousand rupees for first offence and from one thousand rupees to twenty thousand rupees for any subsequent offence based on the changed socio-economic conditions and the nature of the offence.

Clause 58.—This clause seeks to substitute a new section for section 125 of the Act which relates to register of Patent agent by a new provision. The provision will enable maintenance of the register of Patent agent to be kept in computer floppies or diskettes or in any other electronic form. This provision is made to keep pace with the modern technology. It is proposed to lay down necessary safeguards by way of rules.

Clause 59.—This clause proposes amendment of section 126 which relates to the qualifications for registration as a patent agent. By this clause it is proposed that in place of qualification of degree from any University, the qualification of degree in science, engineering or technology from any University to be substituted to ensure that the patent agents are sufficiently qualified to deal with scientific and technological matters contained in the specification. Further, it is proposed that Controller and examiners of the Patent Offices having functioned on such for 10 years will be qualified for registration of Patent agents. This provision is made to enrich the profession of the patent agent with the experienced personnel of the patent office. At present the said profession is deficient of experienced personals for which applicants for patents are suffering and their interests are prejudiced. Sub-clause (b) seeks to substitute sub-section (2) so as to provide for re-registration of existing patent agents.

Clause 60.—This clause proposes to amend section 128 of the Act which relates to subscription and verification of certain documents by patent agent. The amendment proposed will remove the restriction on patent agents in respect of signing and verification of documents produced before the patent office.

Clause 61.—This clause proposes amendment of section 130 of the Act which relates to removal of name from the register of Patent agent and restoration thereof. By this amendment, the power to remove and restore any name from or in the register of patent agent is proposed to be vested in Controller in place of the Central Government.

Clause 62.—This clause seeks to amend section 132 of the Act which relates to savings in respect of the persons authorised to act as patent agents so as to preclude any person other than the applicant and patent agents from drafting of specification or acting or appearing before the Controller other than the applicants for patents. It also restricts the activities of advocates, who are not patent agents to practice before the Controller. They will be permitted only to take part in the hearing before the Controller.

Clause 63.—This clause proposes amendment of section 133 of the Act which relates to notification as to convention countries. It is proposed to include an explanation to this section to the effect that for the purpose of the whole chapter which relates to international arrangement, the expression country will include a group or union of country or inter-governmental organization. This proposal is made to make reciprocal arrangement with bodies like European Union, ARIPO, etc., which are members of international treaties like Paris Convention or W.T.O. to which India is also a party.

Clause 64.—This clause proposes amendment of section 128 of the Act which provides supplementary provisions as to convention application. By this proposal the furnishing of certified copy of basic application to the Controller is made optional and with the discretion of the Controller. It is also proposed that the translation of the documents in foreign language can only be furnished to the Controller on his requisition. It is also proposed that international application filed under Patent Cooperation Treaty designating India shall have the effect of filing an application for patent in India and the title, description, claims, abstract and drawings filed in the International application are to be taken as complete specification under the Act.

It is further proposed that the amendments before international searching or preliminary examination authority shall be taken as amendment before the Patent Office when desired by the applicant. These proposals are in accordance with provisions under Patent Cooperation Treaty to which India is a signatory.

Clause 65.—This clause proposes amendment of section 140 of the Act which relates to avoidance of certain restrictive conditions in contractual licenses. Sub-clause (a) of this clause seeks to specify that exclusive grant back, prevention to challenges to validity of patent or coercive package licensing shall be a restrictive condition.

Sub-clause (b) seeks to omit sub-section (5) of this section as it refers to the Indian Patent and Designs Act, 1911 which has since become obsolete.

Clause 66.—This clause seeks to amend section 141 of the Act which relates to determination of certain contracts so as to omit the words “whether made before or after the commencement of this Act” occurring in sub-section (1) thereof as these words have become redundant.

Clause 67.—This clause proposes amendment of section 147 of the Act which relates to payment of fees. By this clause it is proposed that fee can be paid alongwith documents requiring payment of such fee or within a period prescribed under the rules. It if further proposed to increase the time limit to nine months for payment of arrear of renewal fees in the event the patent is granted after two years from the date of filing.

Clause 68.—This clause proposes amendment of section 143 of the Act which relates to restriction upon publication of the specification. The amendment proposed are consequential to the provisions contained in the proposed new sections 11A and section 23 *vide* clauses 9 and 16 respectively.

Clause 69.—This clause proposes amendment of section 157A of the Act relating to the protection of security of India. By this clause it is proposed that the Central Government can take any action including revocation of a patent in the interest of the security of India under clause (b) of this section by issuing a notification in Official Gazette.

Clause 70.—This clause seeks to amend sub-section (2) of section 159 of the Act relating to rule making powers of the Central Government. By this clause some additional matters in respect of rule making powers are sought to be enumerated as consequential to the other amendments proposed in the Act. These *inter alia* include the safeguards to be observed in maintenance of register of patent and register of patent agents in computer floppies or diskettes or in any other electronic media the manner of making a request for examination of an application for patent, the salaries and allowances and other conditions of service of the officers and other employees of the Appellate Board under sub-section (2) of section 177 and the manner in which such officers and employees shall discharge their functions under sub-section (3) of that section, the form of making an appeal, the manner of verification and fee payable under sub-section (3) of section 117A, the form in which, and the particulars to be included in, the application to the Appellate Board under sub-section (1) of section 117D and the time of payment of fees.

Clause 71.—This clause proposes to omit section 161 of the Act which relates to special provision with respect to certain applications deemed to have been refused under the Patents and Designs Act, 1911, as the said section has become obsolete.

Clause 72.—This clause seeks to omit sub-sections (2) and (3) of section 162 of the Act which relates to repeal of Act 2 of 1911 as those provisions have become obsolete.

FINANCIAL MEMORANDUM

Clause 54 of the Bill seeks to substitute Chapter XIX of the Patents Act, 1970 with a new Chapter XIX relating to appeals to the Appellate Board. The new section 116 sought to be inserted by the aforesaid Chapter XIX, *inter alia*, provides the Appellate Board for the purposes of the Patents Act, 1970. The Board will have Technical Member(s) fulfilling the qualifications laid down in sub-section (2) of the proposed section 116. Proposed new section 117 sought to be inserted in new Chapter XIX empowers the Central Government to determine the nature and categories of officers and other employees required to assist the Appellate Board in the discharge of its functions under the Act and provide the Board with such officers and other employees as the Central Government may think fit. Sub-section (2) of the said section 117 provides that the salaries and allowances and conditions of service of officers and other employees of the Appellate Board shall be such as may be prescribed by the Central Government by rules.

2. It is estimated that, for meeting the salaries, allowances, etc., of the officers and other employees of the Appellate Board, a recurring expenditure to the tune of rupees 416.27 lakhs per annum from the Consolidated Fund of India will be incurred. It is also estimated that an expenditure to the tune of rupees 3.50 lakhs shall be incurred, by way of a non-recurring expenditure, towards meeting the establishment of the office of the Technical Members, Staff, additional furniture required by the Trade Marks Registry, vehicles, telephones, etc., during the financial year 1999-2000.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 9 of the Bill, *inter alia*, seeks to insert new sections 11A and 11B in the Patents Act, 1970. Clause (b) of sub-section (6) of the proposed new section 11A relating to publication of applications for patents empowers the Central Government to prescribe the fee payable by any person to the patent office for obtaining specifications and drawings, if any, in respect of such applications. Sub-section (1) of proposed new section 11B relating to request for examination empowers the Central Government to lay down the rules relating to the manner of making applications for getting the applications for patents examined.

2. Clause 29 of the Bill seeks to amend section 67, relating to register of patents and particulars to be entered therein, of the Patents Act, 1970. Sub-section (5) of the aforesaid section 67 as sought to be inserted provides that it shall be lawful for the Controller to keep the register of patents or any part thereof in computer floppies or diskettes or any other electronic forms. This sub-section empowers the Central Government to lay down the safeguards in relation to maintenance of such register of patents in computer floppies, etc.

3. Clause 54 of the Bill seeks to substitute a new Chapter XIX relating to appeals with the Appellate Board for Chapter XIX of the Patents Act, 1970. Sub-section (2) of section 117 sought to be inserted in the aforesaid Chapter XIX empowers the Central Government to make rules governing the salaries and allowances and conditions of service of the officers and employees of the Appellate Board referred to in section 116 of the Act. Sub-section (3) of section 117 empowers the Central Government to make rules governing the manner in which the officers and other employees of the Appellate Board shall discharge their functions under the general superintendence of the Chairman. Sub-clause (3) of the new section 117A relating to appeals to Appellate Board proposed to be inserted in the aforesaid new Chapter XIX empowers the Central Government to specify the form in which an appeal may be made and also the manner of verification of such memorandum of appeal. Sub-section (1) of new section 117D relating to procedure for application for rectification, etc., before the Appellate Board proposed to be inserted in the said Chapter XIX empowers the Central Government to specify the form in which an application for rectification shall be made.

4. Clause 58 of the Bill seeks to substitute a new section 125 relating to register of patent agents for the existing section 125. Sub-section (1) of the new section 125 empowers the Central Government to make rules specifying the other relevant particulars in addition to the name and address of the patent agents to be entered in the register of such agents. Sub-section (2) of section 125 empowers the Central Government to make rules governing the safeguards subject to which the register of patent agents shall be maintained in computer floppies or diskettes or in any other electronic form.

5. Clause 59 of the Bill seeks to amend section 126 relating to qualifications for registration as patent agents. Proposed sub-section (2) of section 126 empowers the Central Government to make a rule specifying the fee payable for re-registration as patent agents.

6. Clause 67 of the Bill, *inter alia*, seeks to substitute to sub-section (3) of section 142 relating to fees of the Act. The said sub-section (3) empowers the Central Government to make rules specifying the time within which any document may be filed in the patent office.

7. The power of Central Government to make rules under the Act is subject to the condition of the rules being made after previous publication. The rules are also required to be laid before Parliament.

8. The power to make rules in respect of the aforesaid matters relate to matters of procedure or administrative details and it is not practicable to provide for them in the Bill itself. The delegation of legislative powers is, therefore, of a normal character.

BILL NO. L OF 1999

A Bill to provide for the protection of semiconductor integrated circuits layout-designs and for matters connected therewith or incidental thereto.

WHEREAS the Final Act embodying the results of the Uruguay Round of Multilateral Trade Negotiations done at Marrakesh on the 15th day of April, 1994 provides for establishment of the World Trade Organisation;

AND WHEREAS the Agreement on Trade Related Aspects of Intellectual Property Rights is part of the said Final Act;

AND WHEREAS the Government of India, having ratified the said Final Act, should in “*inter alia*” make provisions for giving effect to section 6 Part II of the Agreement on Trade Related Aspects of Intellectual Property Rights relating to Layout-design (Topographies) of Integrated Circuits:

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

CHAPTER I**PRELIMINARY**

Short title,
extent and
commencement.

1. (1) This Act may be called the Semiconductor Integrated Circuits Layout Design Act, 1999.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint; and different dates may be appointed for different provisions of this Act, and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. In this Act, unless the context otherwise requires,—

Definitions.

(a) "Appellate Board" means the Appellate Board established under section 32;

(b) "assignment" means an assignment in writing by act of the parties concerned;

(c) "Bench" means a Bench of the Appellate Board;

(d) "Chairman" means the Chairman of the Appellate Board;

(e) "commercial exploitation", in relation to Semiconductor Integrated Circuits Layout-Design, means to sell, lease, offer or exhibit for sale or otherwise distribute such semiconductor integrated circuit for any commercial purpose;

(f) "convention country" means a country notified as such under section 93.

(g) "Judicial Member" means a Member of the Appellate Board appointed as such under this Act, and includes the Chairman or such Vice-Chairman who possesses any of the qualifications specified in sub-section (3) of section 34;;

(h) "layout-design" means a layout of transistors or other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a semiconductor integrated circuit;

(i) "Member" means a Judicial Member or Technical Member of the Appellate Board and includes the Chairman and the Vice-Chairman;

(j) "notify means" to notify in the Semiconductor Integrated Circuit Journal published by the Registrar;

(k) "prescribed" means prescribed by rules made under this Act;

(l) "register" means the Register of Layout-Designs referred to in section 6;

(m) "registered" (with its grammatical variations) means registered under this Act;

(n) "registered" layout-design means a layout-design which is actually on the register;

(o) "registered proprietor", in relation to a layout-design, means the person for the time being entered in the register as proprietor of the layout-design;

(p) "registered user" means a person who is for the time being registered as such under section 25;

(q) "Registrar" means the Registrar of Semiconductor Integrated Circuits Layout-Design referred to in section 3;

(r) "semiconductor integrated circuit" means a product having transistors or other circuitry elements which are inseparably formed on a semiconductor material or an insulating material or inside the semiconductor material and designed to perform an electronic circuitry function;

(s) "Technical Member" means a Member of the Appellate Board who is not a Judicial Member and includes the Chairman or such Vice-Chairman who possesses any of the qualifications specified in sub-section (4) of section 34;

(t) "transmission" means transmission by operation of law, devolution on the personal representation of a deceased person or any other mode of transfer not being assignment;

- (u) "Vice-Chairman" means the Vice-Chairman of the Appellate Board;
- (v) any reference to the Semiconductor Integrated Circuits Layout-Design Registry shall be construed as including a reference to any office of the Semiconductor Integrated Circuits Layout-Design Registry.

CHAPTER II

THE REGISTER AND CONDITIONS OF REGISTRATION

Registrar of Semiconductor Integrated Circuits layout-design.

3. (1) The Central Government may, by notification in the Official Gazette, appoint a person to be known as the Registrar of Semiconductor Integrated Circuits Layout-Design for the purposes of this Act.

(2) The Central Government may appoint such other officers with such designation as it thinks fit for the purpose of discharging, under the superintendence and direction of the Registrar, such functions of the Registrar under this Act as he may from time to time authorise them to discharge.

Power of Registrar to transfer pending matters.

4. Without prejudice to the generality of the provisions of sub-section (2) of section 3, the Registrar may, by order in writing and for reasons to be recorded therein, withdraw any matter pending before an officer appointed under the said sub-section (2) and deal with such matter himself either de novo or from the stage it was so withdrawn or transferred the same to another officer so appointed who may subject to the special direction in the order of transfer deal with the matter either de novo or from the stage it was so transferred.

Registry.

5. (1) For the purposes of this Act, there shall be established a Registry which shall be known as the Semiconductor Integrated Circuits Layout-Design Registry.

(2) The head office of the Semiconductor Integrated Circuits Layout-Design Registry shall be at such place as the Central Government may specify and for the purposes of facilitating the registration of layout-designs, there may be established, at such places as the Central Government may think fit, branch offices of the Semiconductor Integrated Circuits Layout-Designs Registry.

(3) The Central Government may, by notification in the Official Gazette, define the territorial limits within which an office of the Semiconductor Integrated Circuits Layout-Design Registry may exercise its functions.

(4) There shall be seal of the Semiconductor Integrated Circuits Layout-Design Registry.

Register of Layout-Designs.

6. (1) For the purposes of this Act, a record called the Register of Layout-Designs shall be kept at the head office of the Semiconductor Integrated Circuits Layout-Design Registry wherein shall be entered all registered layout-designs with the names, addresses and descriptions of the proprietor and such other matters related to the registered layout-designs as may be prescribed.

(2) Subject to the superintendence and direction of the Central Government, the register shall be kept under the control and management of the Registrar.

(3) There shall be kept at each Branch Office of the Semiconductor Integrated Circuits Layout-Designs Registry a copy of the register and other documents as the Central Government may, by notification in the Official Gazette, direct.

Prohibition of Registration of certain Layout-designs.

7. (1) A layout-design—

(a) which is not original; or

(b) which has been commercially exploited anywhere in India or in a convention country; or

(c) which is not inherently distinctive; or

(d) which is not inherently capable of being distinguishable from any other registered lay-out design,
shall not be registered as a layout-design:

Provided that a layout-design which has been commercially exploited for not more than two years from the date on which an application for its registration has been filed either in India or in a convention country shall be treated as not having been commercially exploited for the purposes of this sub-section.

(2) A layout-design shall be considered to be original if it is the result of its creator's own intellectual efforts and is not commonly known to the creators of layout-designs and manufacturers of semiconductor integrated circuits at the time of its creation:

Provided that a layout-design consisting of such combination of elements and interconnections that are commonly known among creators of layout-designs and manufacturers of semiconductor integrated circuits shall be considered as original if such combination taken as a whole is the result of its creator's own intellectual efforts.

(3) Where an original layout-design has been created in execution of a commission or a contract of employment, the right of registration to such layout-design under this Act shall belong, in the absence of any contractual provision to the contrary, to the person who commissioned the work or to the employer.

CHAPTER III

PROCEDURE FOR AND DURATION OF REGISTRATION

8. (1) Any person claiming to be the creator of a layout-design, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his layout-design.

Application for registration.

(2) Every application under sub-section (1) shall be filed in the office of the Semiconductor Integrated Circuits Layout-Design Registry within whose territorial limits the principal place of business in India of the applicant or in the case of joint application the principal place of business in India of the applicant whose name is first mentioned in the application, as having a place of business in India, is situate:

Provided that, where the applicant or any of the joint applicant does not carry on business in India, the application shall be filed in the office of the Semiconductor Integrated Circuits Layout-Design Registry within whose territorial limits the place mentioned in the address for service in India as disclosed in the application is situate.

(3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such amendments or modifications, as he may think fit.

9. Where, after the acceptance of an application for registration of layout-design, but before its registration, the Registrar is satisfied that the layout-design is prohibited of registration under section 7, the Registrar may, after hearing the applicant if he so desires, withdraw the acceptance and proceed as if the application had not been accepted.

Withdrawal of acceptance.

10. (1) When an application for registration of a layout-design has been accepted, the Registrar shall, as soon as may be after acceptance, cause the application as accepted to be advertised in the prescribed manner.

Advertisement of application.

(2) Where after advertisement of an application—

(a) an error in the application has been corrected; or

(b) the application has been permitted to be amended under section 12,

the Registrar may in his discretion cause the application to be advertised again or, in any case falling under clause (b), may, instead of causing the application to be advertised again, notify in the prescribed manner the correction or amendment made in the application.

Opposition to registration.

11. (1) Any person may, within three months from the date of the advertisement or re-advertisement of an application for registration or within such further period, not exceeding one month in the aggregate, as the Registrar, on application made to him in the prescribed manner and on payment of the prescribed fee, allows, give notice in writing in the prescribed manner to the Registrar of opposition to the registration.

(2) The Registrar shall serve a copy of the notice on the applicant for registration and, within two months from the receipt by the applicant of such copy of the notice of opposition, the applicant shall send to the Registrar in the prescribed manner a counter-statement of the grounds on which he relies for his application and if he does not do so, he shall be deemed to have abandoned his application.

(3) If the applicant sends such counter-statement, the Registrar shall serve a copy thereof on the person giving notice of opposition.

(4) Any evidence upon which the opponent and the applicant may rely shall be submitted in the prescribed manner and within the prescribed time to the Registrar, the Registrar shall give an opportunity to them to be heard, if they so desire.

(5) The Registrar shall, after hearing the parties, if so required, and considering the evidence, decide, after taking into account any ground of objection whether relied upon by the opponent or not.

(6) When a person giving notice of opposition or an applicant sending a counter-statement after receipt of a copy of such notice neither resides nor carries on business in India, the Registrar may require him to give security for the costs of proceedings before him and, in default of such security being duly given, may treat the opposition or application, as the case may, as abandoned.

Correction and amendment.

12. The Registrar may on such terms as he thinks just—

(a) at any time, whether before or after acceptance of an application for registration under section 8, permit the correction of any error in or in connection with the application or permit an amendment of the application; or

(b) permit correction of any error in, or an amendment of, a notice of opposition or a counter-statement under section 11.

Registration.

13. (1) Subject to the provisions of section 9, when an application for the registration of the layout-design has been accepted and either—

(a) the application has not been opposed and time for notice of opposition has expired; or

(b) the application has been opposed and the opposition has been decided in favour of the applicant,

the Registrar shall register the said layout-design in the register and the layout-design shall be registered as of the date of the making of the said application and the date shall be deemed to be the date of registration.

(2) On the registration of a layout-designs, the Registrar shall issue to the applicant a certificate in the prescribed form of the registration thereof sealed with the seal of the Semiconductor Integrated Circuits Layout-Designs Registry.

(3) Where registration of a layout-design is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice to the applicant in the prescribed manner, treat the application as abandoned unless it is completed within the time specified in that behalf in the notice.

(4) The Registrar may amend the register or a certificate of registration for the purpose of correcting a clerical error or an obvious mistake.

14. (1) Save as provided in sub-section (2), nothing in this Act shall authorise the registration of two or more persons who claim to be the creator of a layout-design.

Jointly owned layout-design.

(2) Where the relation between two or more persons claiming to be the creator of layout-design are such that—

(a) both of them or all of them have put the combined intellectual effort in creating such design; or

(b) in relation to the creation of such layout-design both of them or all of them are connected in such manner that intellectual effort of each of them are not distinguishable in creation of such layout-design,

those persons may be registered as joint proprietor of the layout-design and this Act shall have effect in relation to any right to the use of the layout-design vested in those persons as if in those rights vested in a single person.

15. The registration of a layout-design shall be only for a period of ten years counted from the date of filing an application for registration or from the date of first commercial exploitation anywhere in any country whichever is earlier.

Duration of registration.

CHAPTER IV

EFFECT OF REGISTRATION

16. No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered layout-design.

No action of infringement of unregistered layout -design.

17. Subject to the other provisions of this Act, the registration of a layout-design shall, if valid, give to the registered proprietor of layout-design the exclusive right to the use of the layout-design and to obtain relief in respect of infringement in the manner provided by this Act.

Rights conferred by registration.

Explanation.—For removal of doubts, it is hereby declared that the rights conferred by the registration of a layout-design shall be available to the registered proprietor of that layout-design irrespective of the fact as to whether the layout design is incorporated in an article or not.

Infringement of layout-design.

18. (1) A registered layout-design is infringed by a person who, not being the registered proprietor of the layout-design or a registered user thereof,—

(a) does any act of reproducing, whether by incorporating in a semiconductor integrated circuit or otherwise, a registered layout-design in its entirety or any part thereof, except such act of reproducing any part thereof which is not original within the meaning of sub-section (2) of section 7;

(b) subject to the provisions of sub-section (5), does any act of importing or selling or otherwise distributing for commercial purposes a registered layout-design or a semiconductor integrated circuit incorporating such registered layout-design or an article incorporating such a semiconductor integrated circuit containing such registered layout-design for the use of which such person is not entitled under this Act.

(2) Notwithstanding anything contained in section 17, sub-section (1) or sub-section (5), the performance of the act of reproduction referred to in clause (a) of sub-section (1), where such act is performed for the purposes of scientific evaluation, analysis, research or teaching, shall not constitute act of infringement within the meaning of that clause.

(3) Where a person, on the basis of scientific evaluation or analysis of a registered layout-design, creates another layout-design which is original within the meaning of sub-section (2) of section 7, that person shall have the right to incorporate such another layout-design in a semiconductor integrated circuit or to perform any of the acts referred to in sub-

section (1) or sub-section (5) in respect of such another layout-design and such incorporation or performance of any act shall not be regarded as infringement within the meaning of sub-section (1).

(4) Where a layout-design is created by the process of scientific evaluation or analysis of the registered layout-design as referred to in sub-section (3), the use of such layout-design by the proprietor of such registered layout-design shall be regarded as infringement within the meaning of sub-section (1) after the date of registration of such layout-design under this Act.

(5) Notwithstanding anything contained in clause (b) of sub-section (1), the performance of any of the acts referred to in that clause by a person shall not be regarded as infringement within the meaning of that clause if such act is performed or directed to be performed in respect of a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit where such person does not possess any knowledge or has no reasonable ground to know while performing or directing to be performed such act in respect of such semiconductor integrated circuit or article that it incorporated a registered layout-design but after the time when such person has received notice of such knowledge, he may continue to perform or directing to be performed such act in respect of the stock on hand or ordered before such time and, then, he shall be liable to pay the proprietor of the registered layout-design a sum by way of royalty to be determined by negotiation between registered proprietor of the registered layout-design and that person or by the Appellate Board having regard to the benefit accrued to such person by performing or directing to be performed such act in respect of such semiconductor integrated circuit or article, as the case may be.

(6) Where any other person purchases a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit referred to in sub-section (5) from a person referred to in that sub-section, then, such other person shall be entitled to the immunity from infringement in respect of that semiconductor integrated circuit or article, as the case may be, to the extent and in the manner as if the word "person" referred in that sub-section includes the word any other person referred in this sub-section.

(7) Nothing contained in clause (b) of sub-section (1) shall be construed as constituting an act of infringement where any person performs any of the acts specified in that clause with the written consent of the registered proprietor of a registered layout-design or within the control of the person obtaining such consent, or in respect of a registered layout-design or a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit, that has been put on the market by or with the consent of the registered proprietor of such registered layout-design.

(8) Notwithstanding anything contained in this Act, where any person by application of independent intellect has created a layout-design which is similar to a registered layout-design and claims to have so created before the date of registration of the registered layout-design, then, any act of such person in respect of the layout-design so created shall not be the infringement of the registered layout-design.

Registration to
be prima facie
evidence of
validity.

19. (1) In all legal proceedings relating to a layout-design registered under this Act (including application under section 30), the original registration of the layout-design and all subsequent assignments and transmissions of layout-design shall be *prima facie* evidence of the validity thereof.

(2) In all legal proceedings as aforesaid, a registered layout-design shall not be held to be invalid on the ground that it was not a registerable layout-design under section 7 except upon evidence of originality and that such evidence was not submitted to the Registrar before registration.

CHAPTER V

ASSIGNMENT AND TRANSMISSION

20. The person for the time being included in the register as proprietor of a layout-design shall, subject to the provisions of this Act and to any right appearing from the register to be vested in any other person, have power to assign the layout-design, and to give effectual receipts for any consideration for such assignment.

Power of Registered Proprietor to assign and give receipts.

21. Notwithstanding anything in any other law to the contrary, a registered layout-design shall, subject to the provisions of this Chapter, be assignable and transmissible whether with or without the goodwill of the business concerned.

Assignability and transmissibility of registered layout-design.

22. Where an assignment of a registered layout-design is made otherwise than in connection with the goodwill of business in which such layout-design has been or is used, the assignment shall not take effect unless the assignee, not later than the expiration of six months from the date on which the assignment is made or within such extended period, if any, not exceeding three months in the aggregate, as the Registrar may allow, apply to the Registrar for directions with respect to the advertisement of the assignment, and advertises it in such form and manner and within such period as the Registrar may direct.

Conditions for assignment otherwise than in connection with the goodwill of a business.

23. (1) Where a person becomes entitled by assignment or transmission to a registered layout-design, he shall apply in the prescribed manner to the Registrar to register his title, and the Registrar shall, on receipt of the application and on proof of his title to his satisfaction, register him as the proprietor of the layout-design and shall cause particulars of the assignment or transmission to be entered on the register:

Registration of assignments and transmissions.

Provided that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the party have been determined by a competent court.

(2) Except for the purpose of an application before the Registrar under sub-section (1) or an appeal from an order thereon, or an application under section 30 or an appeal from an order thereon, a document or instrument in respect of which no entry has been made in the register in accordance with sub-section (1), shall not be admitted in evidence by the Registrar or the Appellate Board or any court in proof of title to the layout-design by assignment or transmission unless the Registrar or the Appellate Board or the court, as the case may be, otherwise directs.

CHAPTER VI

USE OF LAYOUT-DESIGN AND REGISTERED USERS

24. Subject to the provisions of section 25, a person other than the registered proprietor of a layout-design may be registered as a registered user thereof.

Registered users.

25. (1) Where it is proposed that a person should be registered user of a layout-design, the registered proprietor and the proposed registered user shall jointly apply in writing to the Registrar in the prescribed manner and every such application shall be accompanied by—

Registration as registered user.

(a) the agreement in writing or a duly authenticated copy thereof, entered into between the registered proprietor and the proposed registered user with respect to the permitted use of the layout-design; and

(b) an affidavit made by the registered proprietor or by some person authorised to the satisfaction of Registrar to act on his behalf—

(i) giving particulars of the relationship, existing or proposed, between the registered proprietor and the proposed registered user, including particulars showing the degree of control by the proprietor over the permitted use which

the relationship will confer and whether it is a term of their relationship that the proposed registered user shall be sole registered user or that there shall be any other restriction as to persons for whose registration as registered user application may be made;

(ii) stating the conditions or restrictions, if any, proposed with respect to the place of permitted use or any other matter;

(iii) stating whether the permitted use to be for a period or without limit of period, and, if for a period, the duration thereof; and

(c) such further documents or other evidence as may be required by the Registrar or as may be prescribed.

(2) Where the requirement of sub-section (1) have been complied with, the Registrar shall register the proposed registered user.

(3) The Registrar shall issue notice in the prescribed manner of the registration of a person as a registered user to other registered users of the layout-design, if any.

(4) The Registrar shall, if so requested by the applicant, take steps of securing that information given for the purposes of an application under this section (other than matters entered in the register) is not disclosed to rivals in trade.

Power of
Registrar for
cancellation of
registration as
registered user.

26. (1) Without prejudice to the provisions of section 30, the registration of a person as registered user—

(a) may be cancelled by the Registrar on application in writing in the prescribed manner of the registered proprietor of the registered user or of any other registered user of the layout-design;

(b) may be cancelled by the Registrar on the application in writing in the prescribed manner of any person on any of the following grounds, namely:—

(i) that the registered user has used the layout-design otherwise than in accordance with the agreement under clause (a) of sub-section (1) of section 25;

(ii) that the proprietor or the registered user misrepresented, or failed to disclose, some fact material to the application for registration which if accurately represented or disclosed would not have justified the registration of the registered user;

(iii) that the circumstances have changed since the date of registration in such a way that at the date of such application for cancellation they would not have justified registration of the registered user;

(iv) that the registration ought not to have been effected having regard to right vested in the applicant by virtue of a contract in the performance of which he is interested.

(c) may be cancelled by the Registrar on his own motion or on the application in writing in the prescribed manner by any person on the ground that any stipulation in the agreement between the registered proprietor and the registered user regarding the topographical dimensions of the layout-design is either not being enforced or is not being complied with;

(d) may be cancelled by the Registrar if the layout-design is no longer registered.

(2) The Registrar shall issue notice in the prescribed manner in respect of every application under this section to the registered proprietor and each registered user (not being the applicant) of the layout-design.

(3) The procedure for cancelling a registration shall be such as may be prescribed:

Provided that before cancelling of registration, the registered proprietor shall be given a reasonable opportunity of being heard.

27. (1) The Registrar may, at any time during the continuance of the registration of the registered user, by notice in writing, require the registered proprietor to confirm to him within one month that the agreement filed under clause (a) of sub-section (1) of section 25 continues to be in force.

(2) If the registered proprietor fails to furnish the confirmation within one month as required under sub-section (1), the registered user shall cease to be the registered user on the day immediately after the expiry of said period and the Registrar shall notify the same.

28. Subject to any agreement subsisting between the parties, a registered user may make complaint before the competent criminal court of the infringement in his own name as if he were the registered proprietor.

29. Nothing in this Act shall confer on a registered user of a layout-design any assignable or transmissible right to the use thereof.

Explanation I.—The right of a registered user of a layout-design shall not deem to have been assigned or transmitted within the meaning of this section in the following cases, namely:—

(a) where the registered user being an individual enters into a partnership with any other person for carrying on the business concerned; but in any such case the firm may use the layout-design, if otherwise in force, only for so long as the registered user is a member of the firm;

(b) where the registered user being a firm subsequently undergoes a change in its constitution; but in any such case the reconstituted firm may use the layout-design, if otherwise in force, only for so long as any partner of the original firm at the time of its registration as registered user, continues to be a partner of the reconstituted firm.

Explanation II.—For the purposes of *Explanation I*, 'firm' has the same meaning as in the Indian Partnership Act, 1932.

9 of 1932.

CHAPTER VII

RECTIFICATION AND CORRECTION OF THE REGISTER

30. (1) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the Appellate Board or to the Registrar, and the Appellate Board or the Registrar, as the case may be, may make such order for making, expunging or varying the entry as it may think fit.

Power to rectify the register.

(2) The Appellate Board or the Registrar may in any proceedings under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the register.

(3) The Appellate Board or the Registrar, of its own motion, may, after giving notice in the prescribed manner to the parties concerned and after giving them an opportunity of being heard, make any order referred to in sub-section (1).

(4) Any order of the Appellate Board rectifying the register shall direct that notice of the rectification shall be served upon the Registrar in the prescribed manner who shall upon receipt of such notice, rectify the register accordingly.

Correction of register.

31. (1) The Registrar may, on application made in the prescribed manner by the registered proprietor,—

(a) correct any error in the name, address or description of the registered proprietor of a layout-design, or any other entry relating to the layout-design;

(b) enter any change in the name, address or description of the person who is registered as proprietor of a layout-design;

(c) cancel the entry of a layout-design on the register,

and may make any consequential amendment or alteration in the certificate of registration, and for that purpose, may require the certificate of registration to be produced to him.

(2) The Registrar may, on application made in the prescribed manner by a registered user of a layout-design, and after notice to the registered proprietor, correct any error, or enter any change in the name, address or description of the registered user.

CHAPTER VIII

APPELLATE BOARD

Establishment of Layout-Design Appellate Board.

32. The Central Government shall, by notification in the Official Gazette, establish an Appellate Board to be known as the layout-design Appellate Board to exercise the jurisdiction, powers and authority conferred on it by or under this Act.

Composition of Appellate Board.

33. (1) The Appellate Board shall consist of a Chairman, Vice-Chairman, and such other Members as the Central Government may deem fit and, subject to the other provisions of this Act, the jurisdiction, powers and authority of the Appellate Board may be exercised by a Bench thereof.

(2) Subject to the other provisions of this Act, a Bench shall consist of one Judicial Member and one Technical Member and shall sit at such place as the Central Government may, by notification in the Official Gazette, specify.

(3) Notwithstanding anything contained in sub-section (2), the Chairman—

(a) may, in addition to discharging the functions of the Judicial Member or Technical Member of the Bench to which he is appointed, discharge the function of the Judicial Member or, as the case may be, the Technical Member, of any other Bench;

(b) may transfer a Member from one Bench to another Bench;

(c) may authorise Vice-Chairman, the Judicial Member or the Technical Member appointed to one Bench to discharge also the functions of the Judicial Member or the Technical Member, as the case may be, of another Bench.

(4) Where any Benches are constituted, the Central Government may, from time to time, by notification, make provisions as to the distribution of the business of the Appellate Board amongst the Benches and specify the matters which may be dealt by each Bench.

Explanation.—For the removal of doubts, it is hereby declared that the expression matter includes an application or appeal under section 40 or section 42.

(5) If the Members of a Bench differ in opinion on any point, they shall state the point or points on which they differ, and make a reference to the Chairman who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other Members and such point or points shall be decided according to the opinion of the majority of the Members who have heard the case including those who first heard it.

- 34. (1)** A person shall not be qualified for appointment as Chairman unless he—
 (a) is, or has been, a Judge of a High Court; or
 (b) has, for at least two years, held the office of a Vice-Chairman.
- (2) A person shall not be qualified for appointment as a Vice-Chairman, unless he—
 (a) has, for atleast two years, held the office of a Judicial Member or a Technical Member; or
 (b) has been a member of the Indian Legal Service and has held a post in Grade I of that Service or any higher post for at least five years.
- (3) A person shall not be qualified for appointment as a Judicial Member unless he—
 (a) has been a member of the Indian Legal Service and has held the post in Grade I of that Service for atleast three years; or
 (b) has, for atleast ten years, held a civil judicial office.
- (4) A person shall not be qualified for appointment as a Technical Member, unless he possesses a Master's Degree in Physics or Bachelor's Degree in Electronics Engineering or Electrical Engineering or Computer Engineering from an University or Institution established under law for the time being in force and has held a post equivalent to the post of Joint Secretary to the Government of India or any higher post for atleast five years and possesses at least five years' experience in the area of semiconductors.
- (5) Subject to the povisions of sub-section (6), the Chairman, Vice-Chairman and every other Member shall be appointed by the President of India.
- (6) No appointment of a person as the Chairman shall be made except after consultation with the Chief Justice of India.
- 35.** The Chairman, Vice-Chairman or other Member shall hold office as such for a term of five years from the date on which he enters upon his office or until he attains,—
 (a) in the case of Chairman and Vice-Chairman, the age of sixty-five years; and
 (b) in the case of Member, the age of sixty-two years,
 whichever, is earlier.
- 36. (1)** In the event of occurrence of any vacancy in the office of the Chairman by reason of his death, resignation or otherwise, the Vice-Chairman and in his absence the senior-most Member shall act as Chairman until the date on which a new Chairman, appointed in accordance with the provisions of this Act to fill such vacancy, enters upon his office.
- (2) When the Chairman in unable to discharge his functions owing to his absence, illness or any other cause, the Vice-Chairman and in his absence the senior-most Member shall discharge the functions of the Chairman until the date on which the Chairman resumes his duty.
- 37. (1)** The salaries and allowance payable to, and others terms and conditions of service (including pension, gratuity and other retirement benefits) of, the Chairman, Vice-Chairman and other Memebrs shall be such as may be prescribed.
- (2) Notwithstanding anything contained in sub-section (1), a person who, immediately before the date of assuming office as the Chairman, Vice-Chairman or other Member, was in service of Government shall be deemed to have retired from service on the date on which he enters upon as the Chairman, Vice-Chairman or other Member, as the case may be.
- 38. (1)** The Chairman, Vice-Chairman and any other Member may, by notice in writing under his hand addressed to the President of India, resign his office:

Qualifications for appointment as Chairman, Vice-Chairman, or other Members.

Term of office of Chairman, Vice-Chairman and Members.

Vice Chairman or senior-most Member to act as Chairman or discharge his function in certain circumstances.

Salaries, allowances and other terms and conditions of service of Chairman, Vice-Chairman and other Members.

Resignation and removal.

Provided that the Chairman, Vice-Chairman or any other Member shall, unless he is permitted by the President of India to relinquish his office sooner, continue to hold office

until the expiry of three months from the date of receipt of such notice or until a person duly appointed as his successor as his successor enters upon his office or until the expiry of his term of office, whichever is earlier.

(2) The Chairman, Vice-Chairman or any other Member shall not be removed from his office except by an order by the President of India on the ground of proved misbehaviour or incapacity after an enquiry made by a Judge of the Supreme Court in which the Chairman, Vice-Chairman or other Member has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges.

(3) The Central Government may, by rules, regulate the procedure for the investigation of misbehaviour or incapacity of the Chairman, Vice-Chairman or other Member referred to in sub-section (2).

Staff of Appellate Board.

39. (1) The Central Government shall determine the nature and categories of the office and other employees required to assist the Appellate Board in the discharge of its functions and provide the Appellate Board with such officers and other employees as it may think fit.

(2) The salaries and allowances and conditions of service of the officers and other employees of the Appellate Board shall be such as may be prescribed.

(3) The officers and employees of the Appellate Board shall discharge their functions under the general superintendence of the Chairman in the manner as may be prescribed.

Application to the Appellate Board to determine royalty.

40. (1) The registered proprietor of a registered layout-design may make an application to the Appellate Board for determination of royalty under sub-section (5) of section 18.

(2) Every application under sub-section (1) shall be in such form and be accompanied by such affidavits, documents or any other evidence and by such fee in respect of the filing of such application and by such other fees for the service or execution of process as may be prescribed.

(3) On receipt of an application under sub-section (1), the Appellate Board shall, after giving notice to the opposite party to file opposition within the prescribed time and manner and after giving opportunity of being heard to the applicant and the opposite party, dispose of the application.

(4) An order or decision made by the Appellate Board in disposing of the application under sub-section (3) shall be executable by a civil court having local jurisdiction as if it were a decree made by that court.

Power of the Board to cancel registration.

41. (1) Any person may make an application, in the prescribed form accompanied by prescribed fee, to the Appellate Board for cancellation of the registration of a layout-design registered under this Act or registration of assignment or transmission relating thereto, as the case may be, on the ground that—

(a) in the case of the registration of a layout-design, the layout-design is prohibited for being registered under section 7; or

(b) in case of the registration of assignment or transmission relating to a registered layout-design, such assignment or transmission is contrary to any provision of the law for the time being in force.

(2) The Appellate Board shall, on receipt of an application under sub-section (1), give notice to the opposite parties in the prescribed manner and after giving them an opportunity of being heard, make such order as it may deem fit regarding cancellation of registration:

Provided that where the ground of cancellation has been established with respect only to a part of a layout-design, the Board shall cancel only such part and the remaining part of the layout-design if capable of performing as a semiconductor integrated circuit shall be retained as registered on the register in the name of the registered proprietor of such layout-design.

(3) Any cancellation of the registration of a layout-design either in whole or in part under sub-section (2) shall be deemed to be effective on the date from which the period of ten years referred to in section 15 is countable in respect of that layout-design.

(4) The Appellate Board shall, without delay after making any order of cancellation under sub-section (2), send a copy of such order to the Registrar who shall correct the register to give effect to such order.

42. (1) Any person aggrieved by an order or decision of the Registrar under this Act, or the rules made thereunder may prefer an appeal to the Appellate Board within three months from the date on which the order or decision sought to be appealed against is communicated to such person preferring the appeal.

(2) No appeal shall be admitted if it is preferred after the expiry of the period specified under sub-section (1):

Provided that an appeal may be admitted after the expiry of the period specified therefor, if the appellant satisfies the Appellate Board that he had sufficient cause for not preferring the appeal within the specified period.

(3) An appeal to the Appellate Board shall be in the prescribed form and shall be verified in the prescribed manner and shall be accompanied by a copy of the order or decision appealed against and by such fees as may be prescribed.

5 of 1908.

43.(1) The Appellate Board shall not be bound by the procedure laid down in the Code of Civil Procedure, 1908 but shall be guided by principles of natural justice and, subject to the provisions of this Act and the rules made thereunder, the Appellate Board shall have powers to regulate its own procedure including the fixing of places and times of its hearing.

5 of 1908.

(2) The Appellate Board shall have, for the purpose of discharging its functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 while trying a suit in respect of the following matters, namely:—

- (a) receiving evidence;
- (b) issuing commissions for examination of witnesses;
- (c) requisitioning any public record; and
- (d) any other matter which may be prescribed

43 of 1860.

(3) Any proceeding before the Appellate Board shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196 of the Indian Penal Code, and the Appellate Board shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

2 of 1974.

44. No court or other authority shall have or, be entitled to, exercise any jurisdiction, powers or authority in relation to the matters referred to in sub-section (1) of section 40 or sub-section (1) of section 42.

45. On ceasing to hold office, the Chairman, Vice-Chairman or other Members shall not appear before the Appellate Board or the Registrar.

46. Notwithstanding anything contained in any other provisions of this Act or in any other law for the time being in force, no interim order (whether by way of injunction or stay or any other manner) shall be made on, or in any proceedings relating to, an appeal unless—

(a) copies of such appeal and of all documents in support of the plea for such interim order are furnished to the party against whom such appeal is made or proposed to be made; and

(b) opportunity is given to such party to be heard in the matter.

47. On the application of any of the parties and after notice to the parties, and after hearing such of them as he may desire to be heard, or on his own motion without such notice, the Chairman may transfer any case pending before one Bench, for disposal, to any other Bench.

Appeal to
Appellate
Board.Procedure and
powers of
Appellate
Board.Bar of
jurisdiction of
courts, etc.Bar to appear
before Appel-
late Board.
Conditions as
to making of
interim order.Power of Chair-
man to transfer
cases from one
Bench to another.

Procedure for application for rectification, etc. before Appellate Board.

Appearance of Registrar in legal proceedings.

Registrar to refer certain disputes to the Board.

Power of the Board to permit certain uses.

48. (1) An application for rectification of the register made to the Appellate Board under section 30 shall be in such form as may be prescribed.

(2) A certified copy of every order or judgement of the Appellate Board relating to a registered layout-design under this Act shall be communicated to the Registrar by the Board and the Registrar shall give effect to the order of the Board and shall, when so directed, amend the entries in, or rectify, the register in accordance with such order.

49. (1) The Registrar shall have the right to appear and be heard—

(a) in any legal proceedings before the Appellate Board in which the relief sought includes alteration or rectification of the register or in which any question relating to the practice of the Semiconductor Integrated Circuit Layout Design Registry is raised;

(b) in any appeal to the Board from an order of the Registrar on an application for registration of a layout-design—

(i) which is not opposed, and the application is either refused by the Registrar or is accepted by him subject to any amendments or modifications, or

(ii) which has been opposed and the Registrar considers that his appearance is necessary in the public interest,

and the Registrar shall appear in any case if so directed by the Board.

(2) Unless the Appellate Board otherwise directs, the Registrar may, in lieu of appearing, submit a statement in writing signed by him, giving such particulars as he thinks proper of the proceedings before him relating to the matter in issue or of the grounds of any decision given by him affecting it, or of the practice of the Semiconductor Integrated Circuits Layout-Design Registry in like cases, or of other matters relevant to the issues and within his knowledge as Registrar, and such statement shall be evidence in the proceeding.

50. If any question arises in any proceedings before Registrar, whether a layoutdesign has been commercially exploited for more than two years anywhere in a convention country for the purpose of registration of such layout-design under this Act, the Registrar shall refer such question to the Appellate Board, and the decision of the Board thereon shall be final.

51. (1) Notwithstanding anything contained in this Act, the Appellate Board may on an application made in the prescribed manner before it on behalf of the Government or by any person authorised by the Government and after giving notice of such application to the registered proprietor of a layout-design and providing the opportunity of being heard to the parties concerned permit the use of such registered layout-design by the Government or by such person so authorised, as the case may be, subject to any or all of the following conditions as the Board deems fit under the circumstances of such use, namely:—

(a) that the use of the layout-design shall be for non-commercial public purposes or for the purposes relating to national emergency or of extreme public urgency;

(b) that the duration of the use of the layout-design shall be limited for a period specified by the Board.

(c) that the use of the layout-design shall be non-assignable and nontransmissible;

(d) that the use of the layout-design shall be to the extent which the Board deems necessary to remedy the anti-competitive practice;

(e) that the use of the layout-design shall be predominantly for the supply of semiconductor integrated circuits or articles incorporating semiconductor integrated circuits in domestic market of India:

Provided that Board shall not permit the use of a registered layout-design, by any such person authorised by the Government, under this sub-section unless the Board is satisfied that such person so authorised has made efforts to enter into agreement with the

registered proprietor of such layout-design on reasonable commercial terms and conditions for permitted use of such layout-design and such efforts had not been successful within prescribed period:

Provided further that the first proviso shall not be applicable in a case where the person so authorised produces to the Board a certificate issued by the Government to the effect that such use is required due to national emergency or any other circumstances which the Government considers to be of extreme urgency or of public non-commercial use.

(2) The Appellate Board shall, while granting the permission for the use of a registered layout-design under sub-section (1) determine the amount of royalty to be paid by the Government or the person authorised by the Government, as the case may be, to the registered proprietor of such layout-design for such permitted use.

(3) The Appellate Board may, on the application of the registered proprietor of a layout-design referred to in sub-section (1), may review the permission granted under that sub-section and, after giving notice and opportunity of hearing to the parties concerned in the prescribed manner, cancel or amend such permission if the Board is satisfied that any of the conditions subject to which the permission was granted has not been observed or the circumstances which led to the granting of such permission has ceased to exist or substantially altered.

52. In all proceedings under this Act before the Appellate Board the costs of the Registrar shall be in the discretion of the Board, but the Registrar shall not be ordered to pay the costs of any of the parties.

Costs of
Registrar in
proceedings
before
Appellate
Board.

Appeal.

53. (1) Any person aggrieved by any decision or order of the Appellate Board under this Act may, within the prescribed period appeal to the High Court within whose jurisdiction the head office or the branch office of the Semiconductor Integrated Circuits Layout-Design Registry against the decision or order of which the appeal arises is situated.

(2) Every such appeal shall be preferred by petition in writing and shall be in such form and shall contain such particulars as may be prescribed.

(3) Subject to the provisions of this Act and the rules made thereunder, the provisions of the Code of Civil Procedure, 1908 shall apply to appeals before a High Court under this Act.

5 of 1908.

Powers of
High Courts to
make rules.

Transitional
provisions.

54. The High Court may make rules consistent with this Act as to the conduct and procedure of all proceeding under this Act before it.

55. Notwithstanding anything contained in this Act, till the establishment of the Appellate Board under section 32, the Intellectual Property Appellate Board established under section 83 of the Trade Marks Act, 1999 shall exercise the jurisdiction, powers and authority conferred on the Appellate Board under this Act subject to the modification that in any Bench of such Intellectual Property Appellate Board constituted for the purposes of this Section, for the Technical Member referred to in sub-section (2) of section 84 of the Trade Marks Act, 1999, the Technical Member shall be appointed under this Act and he shall be deemed to be the Technical Member for constituting the Bench under the said sub-section (2) of section 84 for the purposes of this Act.

CHAPTER IX

OFFENCES, PENALTIES AND PROCEDURE

56. Any person who contravenes any of the provisions of section 18 shall be punishable with imprisonment for a term which may extend to three years, or with fine which shall not be less than fifty-thousand rupees but which may extend to ten lakh rupees, or with both.

Penalty for
infringement
of layout-
design.

Penalty for falsely representing a layout-design as registered.

57. (1) No person shall make any representation with respect to a layout-design not being a registered layout-design, to the effect that it is registered layout-design.

(2) If any person contravenes provisions of sub-section (1), he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to fifty thousand rupees, or with both.

(3) For the purposes of this section, the use in India in relation to a layout-design of the word "registered", or of any other expression referring whether expressly or impliedly to registration, shall be deemed to import a reference to registration in the register, except—

(a) where that word or other expression, is used in direct association with other words delineated in characters at least as large as those in which that word or other expression is delineated and indicating that the reference is to registration as a layout-design under the law of a country outside India being a country under the law of which the registration referred to is in fact in force; or

(b) where that other expression is of itself such as to indicate that the reference is to such registration as is mentioned in clause (a); or

(c) where that word is used in relation to a layout-design registered as a layout design under the law of a country outside India and in relation solely to such layout-design.

58. If any person uses on his place of business, or on any document issued by him, or otherwise, words which would reasonably lead to the belief that his place of business is, or is officially connected with, the Semiconductor Integrated Circuits Layout-Design Registry, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

Penalty for improperly describing a place of business as connected with the Semiconductor Integrated Circuits Layout-Design Registry.

Penalty for falsification of entries in the register.

59. If any person makes, or causes to be made, a false entry in the register, or a writing falsely purporting to be a copy of an entry in the register, or produces or tenders, or causes to be produced or tendered, in evidence any such writing, knowing the entry or writing to be false, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Forfeiture of goods.

60. (1) Where a person is convicted of an offence under section 56, the court convicting him may direct the forfeiture to Government of all goods and things by means of, or in relation to, which the offence has been committed.

(2) When a forfeiture is directed on a conviction and an appeal lies against the conviction, an appeal shall lie against the forfeiture also.

(3) When a forfeiture is directed on a conviction, the court, before whom the person is convicted, may order any forfeited articles to be destroyed or otherwise disposed of as the court thinks fit.

Exemption of certain persons employed in ordinary course of business.

61. Where a person accused of an offence under section 56 proves—

(a) that in the case which is the subject of the charge he was so employed that it relates to the duty of his employment, and was not interested in the profit accruing from such commission of offence except the duty of his employment; and

(b) that, having that all reasonable precautions against committing the offence charged, he had, at the time of commission of the alleged offence, no reason to suspect the genuineness of the registered layout-design or a semiconductor integrated circuit in which such layout-design is incorporated; and

(c) that, on demand made by or on behalf of the prosecutor, he gave all the information in his power with respect to the commission of such offence,
he shall be acquitted.

62. (1) Where the offence charged under section 56 is in relation to a registered layout-design and the accused pleads that the registration of the layout-design is invalid, the following procedure shall be followed:—

(a) if the court is satisfied that such defence is *prima facie* tenable, it shall not proceed with the charge but shall adjourn the proceeding for three months from the date on which the plea of accused is recorded to enable the accused to file an application before the Appellate Board under this Act, for the rectification of the register on the ground that the registration is invalid;

(b) if the accused proves to the court that he has made such application within the time so limited or within such further time as the time court may for sufficient cause allow, the further proceedings in the prosecution shall stand stayed till the disposal of such application for rectification;

(c) if within a period of three months or within such extended time as may be allowed by the court the accused fails to apply to the Appellate Board for rectification of the register, the court shall proceed with the case as if the registration were valid.

(2) Where before the institution of a complaint of an offence referred to in sub-section (1), any application for the rectification of the register concerning the layout-design in question on the ground of invalidity of the registration thereof has already been properly made to and is pending before the Appellate Board or the Registrar, the Court shall stay the further proceedings in the prosecution pending the disposal of the application aforesaid and shall determine the charge against the accused in conformity with the result of the application for rectification in so far as the complainant relies upon the registration of his layout-design.

63. (1) If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.—*For the purposes of this section—

(a) company means any body corporate and includes a firm or other association or individuals; and

(b) director, in relation to a firm, means a partner in the firm.

64. No. court shall take cognizance—

(a) of an offence under section 56 or section 57 except on the complaint in writing made by the registered proprietor or the registered user of a layout-design in respect of which the offence has been committed;

(b) of an offence under section 58 or section 59 except on complaint in writing made by the Registrar or any officer authorised by him in writing.

Procedure
where
invalidity of
registration is
pledged by the
accused.

Offences by
companies.

Cognizance of
certain
offences.

Costs of defence or prosecution.

Information as to commission of offence.

Punishment of abetment in India of acts done out of India:

Protection of security in India.

Protection of action taken in good faith.

Certain persons to be public servants.

Implied warranty on sale of layout-design, etc.

Powers of Registrar.

65. In any prosecution under this Act, the court may order such costs to be paid by the accused to the complainant, or by the complainant to the accused, as the court deemed reasonable having regard to all the circumstances of the case and the conduct of the parties. Costs so awarded shall be recoverable as if they were a fine.

66. An officer of the Government whose duty it is to take part in the enforcement of the provisions of this Chapter, shall not be compelled in any court to say whence he got any information as to the commission of any offence against this Act.

67. If any person, being within India, abets the commission, without India, of any act which, if committed in India, would, under this Act, be an offence, he may be tried for such abetment in any place in India in which he may be found, and be punished therefor with the punishment to which he would be liable if he had himself committed in that place the act which he abetted.

CHAPTER X

MISCELLANEOUS

68. Notwithstanding anything contained in this Act, the Registrar Shall—

(a) not disclose any information relating to the registration of a layout-design or any application relating to the registration of a layout-design under this Act which he considers prejudicial to the interest of the security of India; and

(b) take action for the cancellation of registration of a layout-design registered under this Act which the Central Government may, by notification in the Official Gazette, specify in the interest of the security of India.

Explanation.—For the purposes of the section, the expression “security of India” means any action necessary for the security of India which relates to the use, of a layout-design or a semiconductor integrated circuit incorporating a layout-design or an article incorporating such semiconductor integrated circuit, directly or indirectly for the purposes of war or military establishment or for the purposes of fission, traffic in arms, ammunition and implements of war or other emergency in international relations.

69. No suit or other legal proceedings shall lie against any person in respect of anything which is in good faith done or intended to be done in pursuance of this Act.

70. Every person appointed, under this Act and every Member of the Appellate Board shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

45 of 1860.

71. Where a registered layout-design, or a semiconductor integrated circuit in which a registered layout-design is incorporated, or an article incorporating such a semiconductor integrated circuit is sold or has been contracted for sale, the seller shall be deemed to warrant that the registration, of such layout-design or the layout-design so incorporated is genuine within the meaning of this Act unless the contrary is expressed in writing signed by or on behalf of the seller and delivered at the time of the sale or contract to sell of such layout-design, or semiconductor integrated circuit or article, as the case may be, and accepted by the buyer.

72. In all proceedings under this Act before the Registrar,—

(a) the Registrar shall have all the powers, of a civil court for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses, compelling the discovery and production of documents and issuing commissions for the examination of witnesses;

(b) the Registrar may, subject to any rules in this behalf, made under section 96 make such orders as to costs as he considers reasonable, and any such order shall be executable as decree to a civil court;

(c) the Registrar may, on an application made in the prescribed manner, review his own decision.

73. Subject to the provisions of section 76, the Registrar shall not exercise any discretionary or other power vested in him by this Act or the rules, made thereunder adversely to a person applying for the exercise of the power without (if so required by that person within the prescribed time) giving to the person an opportunity of being heard.

Exercise of
discretionary
power by
Registrar.

74. In any proceeding under this Act before the Registrar, evidence shall be given by affidavit:

Evidence
before
Registrar.

Provided that the Registrar may, if he thinks fit, take oral evidence in lieu of, or in addition to, such evidence by affidavit.

75. If a person who is a party to a proceeding under this Act (not being a proceeding before the Appellate Board or a court) dies pending the proceeding, the Registrar may, on request, and on proof to his satisfaction of the transmission of the interest of the deceased person, substitute in the proceeding his successor in interest in his place, or, if the Registrar is of opinion that the interest of the deceased person is sufficiently represented by the surviving parties, permit the proceeding to continue without the substitution of his successor in interest.

Death of party
to a proceed-
ing.

76. (1) If the Registrar is satisfied, on application made to him in the prescribed manner and accompanied by the prescribed fee, that there is sufficient cause for extending the time of doing any act (not being a time expressly provided in the Act), whether the time so specified has expired or not, he may, subject to such conditions as he may think fit to impose, extend the time and inform the parties accordingly.

Extension of
time.

(2) Nothing in sub-section (1) shall be deemed to require the Registrar to hear the parties, before disposing of an application for extension of time and no appeal shall lie from any order of the Registrar under this section.

77. Where, in the opinion of the Registrar, an applicant is in default in the prosecution of an application filed under this Act, the Registrar may, by notice require the applicant to remedy the default within a time specified and after giving him, if so desired, an opportunity of being heard, treat the application as abandoned, unless the default is remedied within the time specified in the notice.

Abandonment.

78. (1) The Registrar may, on application made to him in the prescribed manner by any person who proposes to apply for the registration of a layout-design, give advice as to whether the layout-design appears to him *prime facie* to be original.

Preliminary
advice by the
Registrar.

(2) if, on an application for the registration of a layout-design as to which the Registrar has given advice as aforesaid in the affirmative made within three months after the advice was given, the Registrar, after further investigation or consideration, gives notice, to the applicant of objection on the ground that the layout-design is not original, the applicant shall be entitled, on giving notice of withdrawal of the application within the prescribed period, to have repaid to him any fee paid on the filing of the application.

79. (1) In every proceeding under Chapter VII or under section 42, every registered user of a layout-design, who is not himself an applicant, in respect of any proceeding under that Chapter or section shall be made a party to the proceeding.

Registered
user to be
impleaded in
certain
proceedings.

(2) Notwithstanding anything contained in any other law, a registered user so made a party to the proceeding shall not be liable for any costs unless he enters an appearance and takes part in the proceeding.

80. (1) A copy of any entry in the register or of any document referred to in sub-section (1) of section 87 purporting to be certified by the Registrar and sealed with the seal of the Semiconductor Integrated Circuit Layout-Design Registry shall be admitted in evidence in all courts and in all proceedings without further proof or production of the original.

Evidence of
entries in
register, etc.,
and things
done by the
Registrar.

(2) A certificate purporting to be under the hand of the Registrar as to any entry, matter or thing that he is authorised by this Act or the rules to make or do shall be prima facie evidence of the entry having been made, and of the contents thereof, or of the matter or things having been done or not done.

Registrar and other officers not compellable to produce register, etc.

81. The Registrar or any other officer of the Semiconductor Integrated Circuits Layout-Design Registry shall not, in any legal proceedings to which he is not a party, be compellable to produce the register or any other document in his custody, the contents of which can be proved by the production of a certified copy issued under this Act or to appear as a witness to prove the matters therein recorded unless by order of the court made for special cause.

Certificate of validity.

82. If in any legal proceeding for rectification of the register before the Appellate Board a decision is on contest given in favour of the registered proprietor of the layout-design on the issue as to the validity of the registration of the layout-design, the Appellate Board may grant a certificate to that effect, and if such a certificate is granted, then, in any subsequent legal proceedings in which the said validity comes into question, the said proprietor on obtaining a final order or judgment in his favour affirming validity of the registration of the layout-design shall, unless the said final order or judgment for sufficient reason directs otherwise, be entitled to his full cost, charges and expenses as between legal practitioner and client.

Address for service.

83. An address for service stated in an application or notice of opposition shall, for the purposes of the application or notice of opposition, be deemed to be the address of the applicant or opponent, as the case may be, and all documents in relation to the application or notice of opposition may be served by leaving them at or sending them by post to the address for service of the applicant or opponent, as the case may be.

Agents.

84. Where, by or under this Act, any act, other than the making of an affidavit, is required to be done before the Registrar by any person, the act may, subject to the rules made in this behalf, be done, instead of by that person himself, by a person duly authorised in the prescribed manner, who is—

- (a) a legal practitioner, or
- (b) a person registered in the prescribed manner as a layout-design agent, or
- (c) a person in the sole and regular employment of the principal.

Layout-design registered by an agent or representative without authority.

85. If an agent or a representative of the proprietor of a registered layoutdesign, without authority uses or attempts to register or registers the layoutdesign in his own name, the proprietor shall be entitled to oppose the registration applied for or secure its cancellation or rectification of the register so as to bring him as the registered proprietor of the said layout-design by assignment in his favour:

Provided that such action shall be taken within three years of the registered proprietor of the layout-design becoming aware of the conduct of the agent or representative.

Indexes.

86. There shall be kept under the direction and supervision of the Registrar—

- (a) an index of registered layout-designs,
- (b) an index of layout-designs in respect of which applications for registration are pending,
- (c) an index of the names of the proprietors of registered layout-designs, and
- (d) an index of the names of registered users.

Documents open to public inspection.

87. (1) Save as otherwise provided in sub-section (4) of section 25,—

- (a) the register and any document upon which any entry in the register is based;
- (b) every notice of opposition to the registration of a layout-design application for rectification before the Registrar, counter-statement thereto, and any affidavit or document filed by the parties in any proceedings before the Registrar;

(c) the indexes mentioned in section 86 and such other documents as the Central Government may, by notification in the Official Gazette, specify; shall, subject to such conditions as may be prescribed, be open to public inspection at the Semiconductor Integrated Circuits Layout-Design Registry.

(2) Any person may, on an application to the Registrar and on payment of such fees as may be prescribed, obtain a certified copy of any entry in the register or any document referred to in sub-section (1).

88. The Central Government shall cause to be placed before both Houses of Parliament once a year a report respecting the execution by or under the Registrar of this Act.

Reports of
Registrar to be
placed before
Parliament.

89. (1) There shall be paid in respect of applications and registration and other matters under this Act such fees and surcharge as may be prescribed by the Central Government.

Fees and
surcharge.

(2) Where a fee is payable in respect of the doing of an act by the Registrar, the Registrar shall not do that act until the fee has been paid.

(3) Where a fee is payable in respect of the filing of a document at the Semiconductor Integrated Circuits Layout-Design Registry, the document shall be deemed not to have been filed at the Registry until the fee has been paid.

90. Nothing in Chapter IX shall be construed so as to render liable to any prosecution or punishment any servant of a master resident in India who in good faith acts in obedience to the instructions of such master, and, on demand made by or on behalf of prosecutor, has given full information as to his master and as to the instructions which he has received from his master.

Savings in
respect of
Chapter IX.

16 of 1908.

91. notwithstanding anything contained in the Registration Act, 1908, no document declaring or purporting to declare the ownership or title of a person to a layout-design other than a registered layout-design shall be registered under that Act.

Declaration as
to ownership
of layout-
design not
registerable
under the
Registration
Act, 1908.

92. The provisions of this Act shall be binding on the Government.

Government to
be bound.

93. With a view to the fulfilment of a treaty, convention or arrangement with any country outside India which affords to citizens of India similar privileges as granted to its own citizens, the Central Government may, by notification in the Official Gazette, specify such country to be a convention country for providing the citizens of such convention country the similar privileges as granted to the citizens of India under this Act.

Convention
countries.

Explanation.—For the purposes of this section country includes any group of countries or union of countries or inter-governmental organisation and the expression convention country shall be construed accordingly.

94. Where any country specified by the Central Government in this behalf by notification in the Official Gazette under section 93 does not accord to citizens of India the same rights in respect of registration and protection of layout-design as it accords to its own nationals, no national of such country shall be entitled, either solely or jointly with any other person,—

Provision as to
reciprocity.

(a) to apply for the registration of, or be registered as the proprietor of, a layout-design;

(b) to be registered as the assignee of the proprietor of a registered layoutdesign; or

(c) to apply for registration or be registered as a registered user of a layoutdesign under section 25.

Power of Central Government to remove difficulties.

95. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of five years from the commencement of this Act.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

Power to make rules.

96. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the other matters relating to the registered layout-designs to be entered in the register under sub-section (1) of section 6;

(b) the manner of applying to the Registrar for registration under sub-section (1) of section 8;

(c) the manner of advertising the application under sub-section (1) of section 10;

(d) the manner of notifying the correction or amendment in application under sub-section (2) of section 10;

(e) the manner of making application, the fee to be paid and the manner of giving notice under sub-section (1) of section 11;

(f) the manner of sending counter statement under sub-section (1) of section 11;

(g) the manner of submitting evidence under sub-section (4) of section 11;

(h) the form of issuing certificate under sub-section (2) of section 13;

(i) the manner of giving notice under sub-section (3) of section 13;

(j) the manner of making applications to register the title under sub-section (1) of section 23;

(k) the manner of applying to Registrar under sub-section (1) of section 25;

(l) the document to be prescribed under clause (c) of sub-section (1) of section 25;

(m) the manner of issuing notice under sub-section (3) of section 25;

(n) the manner of applications under clause (a) of sub-section (1) of section 26;

(o) the manner of making applications under clause (b) of sub-section (1) of section 26;

(p) the manner of making applications under clause (c) of sub-section (1) of section 26;

(q) the manner of issuing notice under sub-section (2) of section 26;

(r) the procedure of cancelling registration under sub-section (3) of section 26;

- (s) the manner of applying to the Appellate Board under sub-section (1) of section 30;
- (t) the manner of giving notice under sub-section (3) of section 30;
- (u) the manner of serving notice under sub-section (4) of section 30;
- (v) the manner of making application under sub-section (1) of section 31;
- (w) the manner of making application under sub-section (2) of section 31;
- (x) the salaries and allowances payable to and other terms and conditions of service of the Chairman, Vice-Chairman and other Members under sub-section (1) of section 37;
- (y) the procedure for investigation of misbehaviour or in capacity of the Chairman, Vice-Chairman and other Members under sub-section (3) of section 38;
- (z) the salaries and allowances and other conditions of service of the officers and other employees of the Appellate Board under sub-section (2) of section 39;
- (za) the manner of general superintendence by the Chairman under sub-section (3) of section 39;
- (zb) the form of application, the affidavit and documents and other evidence fee payable in respect of, filing of such application and other fees for the services or execution of process to be accompanied therewith under sub-section (2) of section 40;
- (zc) the time limit for filing the opposition under sub-section (3) of section 40;
- (zd) the form of making application and the fee to be accompanied therewith under sub-section (1) of section 41;
- (ze) the manner of giving notice under sub-section (2) of section 41;
- (zf) the form of appeal, the manner of verification of such appeal and the fee to be accompanied therewith under sub-section (3) of section 42;
- (zg) any other matter to be prescribed under clause (d) of sub-section (2) of section 43;
- (zh) the form of application under sub-section (1) of section 48;
- (zi) the manner of making application under sub-section (1) of section 51;
- (zj) the period to be prescribed under the first proviso to sub-section (1) of section 51;
- (zk) the manner of giving notice and opportunity of hearing to the parties under sub-section (3) of section 51;
- (zl) the period to be prescribed under sub-section (1) of section 53;
- (zm) the form of petition and particulars to be contained therein under sub-section (2) of section 53;
- (zn) the manner of reviewing decision by the register under clause (c) of section 72;
- (zo) the time to be prescribed under section 73;
- (zp) the manner of making application and the fee to be accompanied therewith under sub-section (1) of section 76;
- (zq) the manner of making application under sub-section (1) of section 78;
- (zr) the period of giving notice of withdrawal of application prescribed under sub-section (2) of section 78;

- (zs) the manner of authorising a person under section 84;
- (zt) the manner of registering a person as a layout-design agent under clause (b) of section 84;
- (zu) the conditions to be prescribed under sub-section (1) of section 87;
- (zv) the fee payable under sub-section (2) of section 87;
- (zw) the fees and the surcharge to be paid under sub-section (1) of section 89;
- (zx) any matter which is required to be or may be prescribed.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of any thing previously done under that rule.

STATEMENT OF OBJECTS AND REASONS

Electronics and Information Technology is one of the fastest growing sectors that has played a significant role in world economy. This is primarily due to the advancements in the field of electronics, computers and telecommunication. Microelectronics—which primarily refers to Integrated Circuits (ICs) ranging from Small Scale Integration (SSI) to Very Large Scale Integration (VLSI) on a semiconductor chip—has rightly been recognized as a core, strategic technology world-over, especially for Information Technology (IT) based society. Design of ICs requires considerable expertise and several hundreds of man years of effort depending on the complexity. Such efforts culminate into the lay-outs for ICs which are used for fabricating the ICs in the fabrication plants. To encourage continued investments in R&D to result in technological advancements in the field of microelectronics, protection of Intellectual Property Rights (IPR) embedded in the layout designs is of utmost importance.

2. The existing practices of providing protection through the methods of Copy Right, Patents do not appropriately accommodate the requirements of Intellectual Property Rights Protection for the Layout-Designs of Integrated Circuits. This is because in the context of Layout Designs the concept of originality is of utmost significance, whether it is a novelty or not. While the Patent Law requires that the idea should be original as well as novel, the copyright law is too general to accommodate the original ideas of scientific creation of LayoutDesigns of Integrated Circuits. Hence the requirement of this Bill. The necessity for providing protection for Layout-Designs of Integrated Circuits arises to reward and encourage an adequate level of investment of human, financial and technological resources.

3. The majority of the countries that attach significance to protection of Intellectual Property Rights in the Semiconductor Integrated Circuits provides for a *sui generis* (of its kind, unique) protection of Layout-Designs of Integrated Circuits which is usually contained in a separate Act. The World Trade Organisation (WTO) agreement which was ratified by India has provisions for Trade Related Intellectual Property Rights (TRIPS) with regard to setting up of standards concerning availability, scope and use of Intellectual Property Rights. Geographical Indications, Layout-Design of Integrated Circuits etc. Developing nations have a transition period of 5 years with effect from 1-1-1995 to align their laws in accordance with the provisions of TRIPS Agreement. As one of the signatories of WTO, India is also expected to align its laws in accordance with the TRIPS Agreement and formulate suitable legislation.

4. The Semiconductor Integrated Circuit Layout-Design Bill provides, inter-alia, for protection of Semiconductor Integrated Circuits Layout-Designs by process of registration, mechanism for distinguishing Layout-Designs which can be protected, rules to prohibit registration of Layout-Designs which are not original and / or which have been commercially exploited, period for protection, provision with regard to infringement, payment of royalty for registered Layout-Design, provisions for dealing with wilful infringement by way of punishment, appointing a Registrar for registering the layout designs and mechanism of Appellate Board.

5. The Bill seeks to achieve the above objectives.

PRAMOD MAHAJAN.

Notes on clauses

Clause 1.—This clause provides for appointment of different dates for commencement different provisions of the Act because some of the provisions like establishment Appellate Board and necessary mechanism will have to be provided and therefore necessary steps will have to be taken for administering those provisions which may take some time. Necessary provision is, therefore, proposed to be added to sub-clause (3) for this purpose.

Clause 2.—This clause contains definitions and interpretations. These include appellate board, commercial exploitation, layout-design, semiconductor Integrated Circuit, registered layout-design, bench, chairman, Judicial Member member, Registered Proprietor, Register, Registrar etc.

Clause 3.— This clause provides for the appointment of the Registrar and other Officers.

Clause 4.— This clause seeks to empower the Registrar to withdraw any matter pending before an officer and deal with such matter himself or transfer the same to another officer for reasons to be recorded therein. The purpose of this is to ensure better management of the work in Semiconductor Integrated LayoutDesign Registry and in the administration of the Act.

Clause 5.—This clause deals with the establishment of the Semiconductor Integrated Layout-Design Registry and its branch offices.

Clause 6.—This clause contains provisions regarding maintenance of a single Register of Layout-Designs. At the Head Office wherein particulars of the Layout-Designs with the names, addresses and description of the proprietor and other matters prescribed shall be recorded. A copy of the register is to be kept at each branch office.

Clause 7.—Sub-clause (1) stipulates as to what constitutes absolute grounds for prohibition of registration of Layout-Designs. It is proposed to explicitly stipulate that Layout-Designs which are not original or which have been commercially exploited for more than two years or which are not inherently distinctive or which are not inherently capable of being distinguished from the registered Layout-Design shall not be registered under the Act. Sub-clause (2) defines an original Layout-Design which can be registered under the Act. Sub-Clause (3) provides that in case the original Layout-Design is created as a result of a commission or employment the right shall, in the absence of any contractual provisions to the contrary, belong to the person who commissioned the work or the employer.

Clause 8.—Sub-clause (1) deals with the procedure for making an application for Registration of a Layout-Design.

Sub-Clause (2) provides for the place where application for registration of a Layout-Design is to be filed.

Sub-clause (3) provides the provisions to the Registrar to refuse the application or accept it absolutely or subject to amendments or modifications.

Clause 9.— This clause provides for withdrawal of acceptance of an application, before its registration, when the acceptance of Layout-Design is in error, etc., after hearing the applicant.

Clause 10.— This clause provides for advertisement of an application, either after acceptance or before acceptance, so as to afford the public an opportunity to oppose the registration of Layout-Design.

Clause 11.— This clause deals with the procedure for opposition to registration of a Layout-Design, Sub-clause (6) provides for payment of security for costs in the case of persons who do not reside or carry on business in India.

Clause 12.— This clause provides for correction any error in or in connection with the application or amendment of the application either before or after acceptance of the application.

Clause 13.— This clause makes it mandatory on the Registrar to register the Layout-Design where the procedure for registration of the Layout-Design has been completed viz. the application has been accepted and either the application has not been opposed or the opposition has been dismissed.

Clause 14.— This clause provides for registration of jointly owned Layout-Designs.

Clause 15.— The duration of registration of a Layout-Design shall be for a period of ten years counted from the date of application for registration or from the date of first commercial exploitation.

Clause 16.— This clause provides that no infringement action will lie in respect of an unregistered Layout-Design.

Clause 17.— This clause deals with the exclusive rights conferred by registration of a Layout-Design whether or not the Layout-Design is incorporated in an article or not.

Clause 18.— This clause deals with the infringement of Layout-Design and explicitly states as to various acts which constitute infringement.

Sub-clause (1) provides that any act of reproducing a registered Layout-Design partly or entirely in a integrated circuit, act of importing or selling or otherwise distributing for commercial purposes an integrated circuit or an article incorporating such an integrated circuit.

Sub-clause (2) provides that the acts contained in Sub-clauses (1) and (5) will not be infringement if these acts are performed for the purpose of scientific evaluation, analysis, research or teaching.

Sub-clause (3) Provides that it will not be a infringement if a person on the basis of scientific evaluation or analysis of a registered Layout-Design creates another Layout-Design which is original and performs any of the acts contained in Subclauses (1) and (5) on this so created Layout-Design.

Sub-clause (4) prevents the proprietor of a registered design to use a Layout-Design which is created by another person on the basis of scientific evaluation or analysis of a registered Layout-Design referred to in Sub-clause 3.

Sub-clause (5) provides that it will be not an infringement to perform or directing to be performed any of the acts referred to in Sub-clause (1) if the person does not know or has no reasonable ground to know that the integrated circuit or an article incorporated a registered Layout-Design. But after the time when such person has received notice of such knowledge, he may continue to perform or directing to be performed acts referred to in sub-clause (1) on the stock on hand or ordered before such time by paying royalty to the registered proprietor determined by negotiations between the registered proprietor and the person or by the Appellate Board based on the benefit accrued by the person.

Sub-clause (6) provides for the immunity from infringement referred to in Subclause (5) to a person who purchases an integrated circuit incorporating a registered Layout-Design or an article incorporating such an integrated circuit.

Sub-clause (7) provides that acts referred to in sub-clause (b) of (1) shall not be infringement if they are performed with the written consent of the proprietor of a registered Layout-Design or within the control of the person obtaining such consent.

Sub-clause (8) provides that if a person by the application of independent intellect creates a Layout-Design which is similar to the Registered Layout-Design and claims that the Layout-Design so created was before the date of registration of the registered layout-Design then any act of this person in respect of the Layout-Design shall not be the infringement of the Registered Layout-Design.

Clause 19.— This clause states that registration including subsequent assignment and transmission, is prima facie evidence of validity.

Clause 20.— This clause recognises the right of registered proprietor to assign the Layout-Design for any consideration and give receipts.

Clause 21.— This clause deals with the assignability and transmissibility of a registered Layout-Design whether with or without the goodwill of the business.

Clause 22.— This clause seeks to stipulate conditions for assignment of a Layout-Design without goodwill of business. Such an assignment will not take effect unless the assignor obtains directions of the Registrar and advertises the assignment as per the Registrar's directions and as per the procedure to be prescribed. The purpose of this advertisement is to notice of the assignment without goodwill of the business to the public.

Clause 23.— This clause deals with the procedure for registration of assignment and transmission. Where the validity of an assignment is in dispute between the parties, the Registrar may refuse to register such transmission unless the rights of the parties are determined by the Competent Court.

Clause 24.— This clause deals with the registration of registered users.

Clause 25.— This clause provides for registration as a registered user. The clause sets out the procedure for making application and such registration, on completion of which the Registrar may register the proposed user.

Clause 26.— This clause deals with the power of the Registrar to cancel registration as registered user. Registration of registered user may be cancelled on the ground that the registered user has used the Layout-Design not in accordance with the agreement or the proprietor/user has failed to disclose any material facts for such registration or that the circumstances have changed since the date of registration etc. Notice and opportunity of hearing is provided before cancellation of the registration.

Clause 27.— It is necessary to keep the Register of the Layout-Designs up-to-date. Accordingly, to ascertain whether the registered user agreement is in force, the Registrar is, proposed to be empowered to require the proprietor to confirm, at any time whether the agreement, on the basis of which registered user was registered is still in force, and if such confirmation is not received within the prescribed time the registrar shall remove the entry thereof from the Register in the prescribed manner.

Clause 28.— This clause recognises the right of registered user to take proceeding against infringement.

Clause 29.— This clause provides that a registered user will not have a right of assignment or transmission. It is clarified that where the individual registered user enters into partnership or remaining in a reconstituted firm, the use of the Layout-Design by the firm would not amount to assignment or transmission.

Clause 30.— Sub-clause (1) enables a person aggrieved by the absence or omission of any entry from the register or entry wrongly remaining or without sufficient cause to the Appellate Board or Registrar. Sub-clause (2) empowers the Appellate Board or Registrar to decide any question as may be necessary in connection with the rectification. Sub-clause (3) empowers the Appellate Board or the Registrar to rectify the register on the grounds specified above on its own motion after giving an opportunity of being heard to the parties concerned. Subclause (4) enables Registrar to rectify the Register pursuant to an order of the Board to rectify the register.

Clause 31.— Sub-clause (1) empowers the Registrar to correct the Register in respect of the errors relating to particulars of the registered proprietor or the entries relating to the registered Layout-Design and also to make consequential amendments, and alterations in the certificate of registration. Sub-clause (2) empowers the Registrar to rectify the Register to correct any error or change of name etc. on an application by the registered user after giving notice to the registered proprietor.

Clause 32.—This clause provides for the establishment of the Layout-Design Appellate Board to hear appeals against the decisions of the Registrar.

Clause 33.—This clause deals with the composition of the Appellate Board. The Board will consist of a Chairman, Vice Chairman and such other members as the Central Government may deem fit. The place where the Board may sit will be notified by the Central Government.

Clause 34.—This clause deals with the requisite qualifications for appointments as Chairman, Vice-Chairman and Members of the Board.

Clause 35.—This clause deals with the term of office of the Chairman, Vice Chairman and other Members of the Board and their conditions of Service.

Clause 36.—The clause sets out the circumstances where the Vice Chairman or the senior most Member will act as Chairman and discharge his function.

Clause 37.—This clause enables the Central Government to prescribe the salaries and allowances of the Chairman, Vice Chairman and other Members and other terms and conditions of their service viz. pension, gratuity, retirement benefits etc.

Clause 38.—This clause makes provision for the resignation of the Chairman, Vice Chairman or any other Members of the Board and various grounds for their removal from office.

Clause 39.—This clause provides for the appointment and functioning of the staff of the Appellate Board, terms and conditions of service and the administrative powers of the Chairman over them.

Clause 40.—This clause provides for determination of royalty by the Appellate Board by submitting an application in the prescribed form. The Appellate Board shall dispose of the application after giving opportunities to the applicant and the opposing party. Decision of the Appellate Board shall be executable by a Civil court.

Clause 41.—This clause empowers Board to cancel the registration of the registered Layout-Design or registration of assignment or transmission related to the registered Layout-Design on receipt of an application and after giving the opportunity to the opposite party of being heard. Cancellation of the registered Layout-Design either in whole or in part shall be deemed to be effective on the date from which the period of ten years.

Clause 42.—This clause makes provision for appeals to the Appellate Board from the decisions of the Registrar and the period within which they are to be preferred.

Clause 43.—This clause empowers the Appellate Board to regulate its own procedure. The Appellate Board will have the powers of a Civil Court trying a suit under the Code of Civil Procedure, 1908 in respect of the matters set out in the clause. To facilitate speed disposal of cases, the clause lays down that the Board shall not be bound by the procedure laid down in the Code of Civil Procedure, 1908 but be guided by the principles of natural justice.

Clause 44.—This clause bars any court or other authority from exercising jurisdiction, powers or authority in relation to the appeals.

Clause 45.—This clause prohibits the Chairman, Vice Chairman or other Members of the Board from appearing before the Appellate Board or the Registrar after they cease to hold office.

Clause 46.—This clause provides that no interim order shall be made in any proceeding relating to an application unless copies of the appeal are furnished to the party against whom the appeal is made and an opportunity of hearing is given to such parties.

Clause 47.—This clause seeks to empower the Chairman to transfer any cases pending before one bench for disposal to any other bench either on his own motion or on the

application made by any of the parties. The purpose of this is to secure proper management of work.

Clause 48.—This clause deals with the procedure for application for rectification made to the Appellate Board. This also provides that certified copy of the order or judgement of the Board will be communicated to the Registrar for taking appropriate action, including amending entries in the register accordingly.

Clause 49.—This clause empowers the Registrar to appear before the Appellate Board in certain cases or in lieu of appearance, to file the statement in writing which shall constitute evidence of the proceeding.

Clause 50.—This clause empowers registrar to refer disputes to the Appellate Board whether the Layout-Design has been commercially exploited for more than two years and the decision of the Board shall be final.

Clause 51.—This clause empowers the Appellate Board to permit the use of Registered layout-design by the Government or the person authorised by the Government subject to any or all of the conditions enumerated in items (a) to (e) of sub-clause (1) of that clause. These conditions are *inter alia* relates to the non-commercial public purposes, extreme public urgency and anti competitive practise. The Appellate Board also empower to determine royalty in lieu of such use and to review the permission granted under this clause.

Clause 52.—In all proceedings before Appellate Board, the Registrar will not be ordered to pay the costs to any party, but the costs of the Registrar shall be in discretion of the Appellate Board.

Clause 53.—This clause makes provisions for appeals to the High Court from the decision or order of the Appellate Board and the period within which they are to be preferred. Sub-clause (2) of this clause provides that such appeal shall be preferred by petition in writing and sub-clause (3) applies the provisions of Code of Civil Procedure, 1908 to such appeals.

Clause 54.—This clause empowers the High Court to make rules which are consistent with this Act. This is required to conduct and proceed of all proceedings under this Act.

Clause 55.—This clause makes transitional provisions conferring powers on the Intellectual Property Appellate Board established under the Trade Marks Act, 1999 to act as Appellate Board under the proposed legislation till the Appellate Board is constituted under that legislation.

Clause 56.—This clause provides for the infringement of layout-design which may extend to three years imprisonment or with fine which shall not be less than fifty thousand rupees but may extend to ten lakhs rupees or with both.

Clause 57.—This clause makes false representation of a layout-design as registered as an offence. The punishment for the offence is imprisonment for a term which may extend to six months or with fine which may extend to fifty thousand rupees or with both. It is also clarified that where the layout-design in question is registered under the law of the country outside India, the use of word or other expression to denote such registration in foreign country is permissible.

Clause 58.—The use of any words which would lead to the belief that a person's place of business is officially connected with the Semiconductor Integrated Circuits Layout-Design Registry is made a punishable offence with imprisonment for a term which may extend to six months or fine or with both.

Clause 59.—This clause contains provisions for penalty for falsification of entries in the register. The offence is punishable with imprisonment extending to two years or fine or with both.

Clause 60.—This clause empowers the court to direct the forfeiture to Government of all the goods relating to which an offence has been committed. The court may either order the forfeited goods to be destroyed or otherwise disposed of. Where an appeal against conviction lies, the appeal will also lie against the forfeiture.

Clause 61.—This clause contains provision for exemption of certain persons employed in ordinary course of business from liability. If the person accused of an offence proves, *inter alia* that he had at the time of commission alleged offence no reason of suspect the genuineness of the registered layout-design, he shall not be liable.

Clause 62.—This clause prescribes the procedure where invalidity of registration is pleaded by the accused, and makes provisions for stay of proceeding in certain circumstances. If the court is satisfied with the defence of invalidity of the registration, it may adjourn the proceeding for three months to enable an application for rectification of the register to be filed before the Appellate Board. If the accused proves that he has made such applications, further proceedings shall stand stayed till the disposal of rectification application. On the other hand if within the period allowed by the court, the accused fails to apply for the rectification before the Appellate Board, the court is bound to proceed with the case as if registration is valid.

Clause 63.—The clause contains provisions for the offences by companies. This provision seeks to provide that where a person commits an offence as a company, every person responsible in the company for the conduct of its will be liable. Where a person accused proves that the offence was committed without his knowledge he will not be liable. However, where it is proved that an offence has been committed with the consent or connivance or is attributed to the neglect of any Director, Manager, Secretary or any other officer of the company, he shall be deemed to be guilty of the offence.

Clause 64.—This clause provides that court shall take cognizance of an offence under clause 56 or clause 57 only on the written complaint of the registered proprietor or registered user. The clause also provides that court shall take cognizance of an offence under clause 58 or 59 only on the complaint by the registrar or any officer authorised by the registrar.

Clause 65.—This clause empowers the court to order payment of reasonable costs by the accused to the complainant or by the complainant to the accused.

Clause 66.—This clause provides that an officer of the Government who is required to enforce the provisions of this chapter should not be compelled to say as to when and where he got any information in respect of the alleged offence.

Clause 67.—This clause provides that any person in India abetting the commission of any offence which, if committed in India would be an offence shall be tried for such abetment and shall be punished.

Clause 68.—This clause prohibits the Registrar to disclose any information relating to registration of a layout-design or any application relating to such a registration in the interest of security of India. This clause also empowers the Registrar to take action for the cancellation of the registration of the layout-design in the interest of the security of India.

Clause 69.—The clause seeks to protect anything done or intended to be done by any person in pursuance of this Act in good faith.

Clause 70.—This clause states that every persons appoint under the proposed legislation and every member of the Appellate Board shall be public servant.

Clause 71.—This clause provides that where a registered layout-design, or a semiconductor integrated circuit in which a registered layout-design is incorporated, or an article incorporating such a semiconductor integrated circuit is sold or has been contracted for sale, there is implied warranty that the registration of the layout-design is genuine.

Clause 72.—This clause seeks to empower the Registrar with the power of a civil court, including award of reasonable costs, subject to rules to be made to this behalf.

Clause 73.—This clause provides that the Registrar has to give an opportunity of being heard to the person/persons before exercising his discretionary powers adverse to him.

Clause 74.—This clause says that evidence before the registrar should be normally in form of affidavit only and in addition or in lieu thereof the Registrar may take oral evidence.

Clause 75.—This clause provides that in case of death of a party to a proceeding during the course of proceedings, the Registrar, on proof to his satisfaction may allow substitution of his successor or may allow the proceeding to continue with the surviving parties.

Clause 76.—This clause empowers the Registrar to extend the time for doing any act, not being a time expressly provided in the Act.

Clause 77.—If the Registrar is of the opinion that the applicant has defaulted in the prosecution of his application, he may by a notice required him to remedy the default after giving him an opportunity to be heard. He may treat the application as abandoned unless the default is remedied within the time specified by him.

Clause 78.—This clause states that any person proposing to apply for registration of a Layout-Design may request the Registrar to obtain preliminary advice as to the distinctiveness of the Layout-Design.

Clause 79.—This clause provides that in every proceeding the registered user shall be made party to the same.

Clause 80.—This clause states that certificate issued by the Registrar shall be *Prima facie* evidence without further proof or production of the original.

Clause 81.—This clause states that Registrar and other officers shall not be compelled to produce the Registrar and other documents if the contents can be proved by production of a certified copy. They shall not be compelled to appear as witness to prove the matter therein unless for special cause it is ordered by the court.

Clause 82.—This clause states that where in any legal proceeding for rectification of Registrar a decision is given in favour of the registered proprietor the Appellate Board may grant a certificate of validity.

Clause 83.—This clause deals with address for service given by the applicant or opponent by stating that this address shall be deemed to be address of the applicant or opponent and all correspondence shall be sent to them on this address only.

Clause 84.—This clause deals with agents and provides that if any act is required to be done before the Registrar by any person, this may be done by him or a legal practitioner, a Layout-Design agent by his employee if he is duly authorised by him.

Clause 85.—This clause seeks to protect the rights of the proprietor of a registered Layout-Design. If his agent or representative registers the Layout-Design in his own name, without authority, the proprietor is entitled to oppose the application or to apply for rectification so as to or being him as the registered proprietor. The time within which such action has to be taken is three years from the date he is aware of the conduct of the agent.

Clause 86.—This clause provides for keeping indexes at the Layout-Design registry, viz indexes of registered and pending Layout-Designs, registered proprietor's index and index of registered users.

Clause 87.—This clause provides for the inspection of the documents by the public. Any member of public may inspect these documents on payment of the fees to be prescribed and also obtain certified copy of the entry from the Registrar.

Clause 88.—This clause provides for placement before Parliament by the Registrar annual reports on the execution of this Act.

Clause 89.— This clause provides for prescribing fees and surcharge for various acts to be done under this Act.

Clause 90.— This clause provides for protecting the person in respect of offences in Chapter IX.

Clause 91.— This clause deals with the declaration of ownership of Layout-Design (other than a registered Layout-Design) not registrable under the Registration Act, 1908.

Clause 92.— This clause states that the provisions of this Act shall be binding on the Government.

Clause 93.— This clause empowers the Central Government, by notification in the Official Gazette, to specify convention countries for providing the citizens of those countries the similar privileges as granted to the citizens of India under the proposed legislation.

Clause 94.— This clause contains provisions as to reciprocity. If any country does not accord to citizens of India the same rights as to registration and protection of Layout-Design as it accords to its own national, no national of that country is entitled to apply for registration of a Layout-Design, to apply for registration as a registered user of a Layout-Design or to be registered as the assignee of the registered proprietor of a Layout-Design in India.

Clause 95.— This clause empowers the Central Government for removing difficulties which may arise in giving effect to the provisions of the Act. Every order of the Central Government under this clause is to be laid before the Houses of Parliament. This power is exercisable only for five years from the commencement of the new Act.

Clause 96.— This clause empowers the Central Government to make rules to carry out the purposes of the new Act on the various matters specified therein.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 96 of the Bill empowers the Central Government to make rules to carry out the provisions of the proposed legislation. Sub-clause (2) of that clause enumerates the matters with respect to which rules may be made under this clause. These matters relate to, *inter alia*, the manner of making of applications and fee payable for such applications under this Bill; the manner of advertising of application for registration; form of certificate of registration; manner of making an application for assignment or transmission of a registered of layout-design; the manner of authorising any person to act and to registered him as a layout-design agent; form and manner of making appeal to the Appellate Board and salaries and allowances payable and the other terms and conditions of service of the Chairman, Vice-Chairman and other Members, officers and other employees of the Appellate Board.

2. The aforesaid matters relate to procedure and administrative details and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

FINANCIAL MEMORANDUM

Clause 32 of the Bill relates to the establishment of Layout-Design Appellate Board and clause 39 relates to the Salaries and Allowances payable to and other terms and conditions of service of officers and other employees to assist the Board. Clause 3 of the Bill relates to the establishment of the Office of Registrar of Semiconductor Integrated Circuits Layout-Design.

It is estimated that the Bill, when enacted will involve a non-recurring expenditure of rupees fifty lakhs and recurring expenditure of rupees one hundred seventy five lakhs during every financial year.

R. C. TRIPATHI,
Secretary-General.

